



REPORT OF THE FEDERAL TASK FORCE
ON
HOUSING
AND
URBAN DEVELOPMENT

JANUARY 1969

THE MINISTER OF TRANSPORT



LE MINISTRE DES TRANSPORTS

January 22, 1969.

THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU,
Prime Minister of Canada,
OTTAWA, Canada.

DEAR SIR:

It is my pleasure to transmit to you the Report of the Task Force on Housing and Urban Development.

You will recall that the Cabinet, in its decision of July 17, authorized the Minister of Transport "to establish a Task Force on Housing, which would report to him within six months starting in September." In carrying out this authorization, I established the terms of reference for the Task Force as being:

"to examine housing and urban development in Canada and to report on ways in which the federal government, in company with other levels of government and the private sector, can help meet the housing needs of all Canadians and contribute to the development of modern, vital cities."

As I wished to get as great an understanding as possible of all the problems and issues involved, I participated in a great many of the meetings the Task Force held in various cities, acting as chairman for the purpose. It was a most valuable experience for me and will be of great help in discharging my responsibilities in connection with housing.

I hope that this report will contribute to consideration by the Government of Canada of its policy in respect of housing and related matters.

The Task Force has also expressed the view, which I fully share, that the Report will generate a greater understanding of the problems and issues in respect of housing and urbanization in Canada, and will stimulate further research in this important area.

Yours sincerely,

A handwritten signature in dark ink that reads "Paul T. Hellyer".

PAUL T. HELLYER.

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foreword

Why a Task Force on Housing and Urban Development?

A routine answer might be that there had not been a wide-ranging review of federal policies in these fields since the Curtis Report of 1944. Any area of activity, certainly any area involving millions of dollars of annual federal expenditure, is worthy of review at least once every 25 years.

But housing and urban development in Canada, 1968, were issues of far more than routine significance. Indeed with seven out of every ten Canadians now living in urban areas, they were issues of prime importance to the large majority of the population.

Issues, too, about which Canadians were becoming ever more aware—and ever more concerned. With the sharp increase in interest rates during the past 30 months, the cost of acquiring adequate housing had become a problem for far more than merely the lowest income groups. When housing starts in 1966 failed to at least match new family and non-family formations, further strain was added to a market of short supply—and thus higher cost—for both home-owner and tenant. In the broader context, there was increasing recognition of the vital role of the city in maintaining and expanding the nation's economic strength. And increasing recognition, too, registered so forcibly in the seemingly constant television reports of urban unrest in the United States, that the city is a living organism equally capable of destruction as of achievement.

In short, if there was not an urban "crisis," there most certainly was a serious urban problem. People were conscious of it as they were conscious that existing efforts by their governments, most of which seemed as much a reaction to circumstances as an attempt to direct them, were inadequate to meet it. The time had come for a hard, new look at housing and urban development in Canada.

The Federal Task Force on Housing and Urban Development, appointed August 29, 1968, represented a new departure in inquiry-making. While sanctioned by Cabinet decision, it possessed none of the legal powers or formalities of a Royal Commission or other such investigative body. Its terms of reference were broad and informal—"to examine housing and urban development in Canada and to report on ways in which the federal government, in company with other levels of government and the private sector, can help meet the housing needs of all Canadians and contribute to the development of modern, vital cities."

Its Chairman, Transport Minister Paul T. Hellyer, was himself the Minister responsible for federal housing policies. The remainder of its membership was drawn from the private sector, broadly representative of the geographical regions of Canada and of the varied disciplines and backgrounds most intimately involved in the subjects under inquiry. They were Dr. Doris Boyle of Sydney, Nova Scotia, an economist-sociologist on the faculty of Xavier College; ecologist Dr. Pierre Dansereau of the University of Montreal's Institute of Urbanism; W. Peter Carter of Montreal, Mortgage Controller of the Royal Bank of Canada; builder-developer Robert Campeau, President of Campeau Corporation of Ottawa; Dr. James Gillies, a land economist and Dean of the Faculty of Administrative Studies, York University, Toronto; and C. E. Pratt, a senior partner of the Vancouver architectural firm of Thompson, Berwick, Pratt and Partners.

William H. Neville of Ottawa was appointed Executive Secretary. The Task Force also was assisted by Alfred E. Coll, Executive Director of Central Mortgage and Housing Corporation, as CMHC Liaison Officer and by Lloyd Axworthy, Executive Assistant (Housing) to Mr. Hellyer.

Within its general terms of reference, the Task Force was concerned first with housing itself—its numbers, its cost, and its form. No small part of the cost issue involved economic factors beyond the housing market per se. The Members could hardly be unaware of these factors, but they did not interpret their mandate as extending into the broader area of general economic and financial policy. Similarly, while it was recognized that many aspects of urban development had a much wider geographical connotation, the Task Force for the most part restricted its consideration of this subject to the confines of existing urban areas. Note was taken of the relationship between urban and regional development, but the Members did not consider their terms of reference as embracing an in-depth study of it.

Starting point for the Task Force was to invite, through a series of nation-wide newspaper advertisements, written submissions from interested groups and individuals. The response confirmed the widespread interest and concern among Canadians. The Task Force received almost 500 briefs from national, regional and local organizations and individuals, as well as numerous letters and other documents. All of these submissions were circulated among the Members and read by them.

From this group, some 250 briefs were selected for follow-up oral presentation and questioning before a series of public hearings across the country. In all, the Task Force visited 27 different centres, including the capitals of all 12 provinces and territories. Most major urban centres were visited along with several communities whose particular situation or problems offered special insight into some aspect of housing and urban development.

While the visit to each of these centres involved hearings of one form or another, the agenda was not restricted to such formal meetings. In the provincial capitals, the Chairman and some Members of the Task Force held useful discussions with Provincial Ministers responsible for housing and urban development. Provision was made in each city visited for tours of specific areas and projects, thus allowing Task Force Members to see various housing situations first-hand and, on many occasions, to talk directly to those living in them.

Special mention should be made of the "town meetings" held by the Task Force in several centres. These informal gatherings, held in recreation centres, church basements and

schools, gave Members of the Task Force an invaluable opportunity to hear something of the views and feelings of "grass roots" Canadians as they themselves saw and experienced life in a public housing project or the problems of tenancy and homeownership.

The Task Force wishes to acknowledge the assistance provided by many groups in carrying out its study. A word of appreciation is due the executive and staff of Central Mortgage and Housing Corporation for providing the large volume of necessary background data and for assisting in the physical arrangements for the cross-country visits. Thanks, too, to the hundreds of organizations and individuals who took the time and effort to prepare written submissions and to appear before the Task Force hearings. And, finally, a special word of appreciation to those "unorganized" Canadians who, in their homes and at town meetings, gave the Task Force an insight, more human and striking than any written word, into the real issues of housing and urban development in Canada.

canadian housing policy 1945-1968

Begun in the crisis of depression and expanded in the emergency of war, federal involvement in housing and urban development has played an indispensable role in the social and economic evolution of post-war Canada. In fact, more than one-third of the total national production of housing since 1945 has been carried out under its auspices. Through its initiative and funding, new focus and effort have been directed to the housing needs of those unable to compete in the private market and to the many problems of an urban environment. Thanks in large part to it, Canadians can rightfully claim to be among the best housed peoples in the world.

While federal involvement in housing and urban development began on a continuing basis with the Dominion Housing Act of 1935, post-war policy and activity in these fields developed primarily from the National Housing Act of 1944 and the Central Mortgage and Housing Corporation Act of a year later. The former confirmed the main features of earlier legislation—federal participation with private lenders in a system of joint loans for residential mortgages, federally-guaranteed loans for home improvements, and long-term, low-interest loans for the construction of limited dividend projects for rental at modest rates—and added provisions for federal participation in slum clearance projects under specified conditions. The latter established CMHC as the federal agency to administer the National Housing Act.

The Corporation took on the direct lending role implied in its Act (as opposed to 25 per cent participation in the joint loan scheme) with a 1946 amendment to the NHA authorizing CMHC to make loans of up to 80 per cent to resource companies in order to finance housing in new development areas where private lending facilities were non-existent. A year later this provision was broadened to permit direct lending by the Corporation wherever there was a lack of the private facilities necessary for joint loans. Out of these provisions has grown Section 40 of the present Act under which CMHC acts as a direct lender on a residual basis to fill in time or geographic gaps in the private mortgage market.

In 1949, the National Housing Act was amended to introduce two features which have become a major part of federal housing policies. During the war and immediate post-war periods, some 50,000 housing units had been constructed by the federal government for war workers and veterans and their families. This program was terminated in 1949. However, in the face of demands for low-rental accommodation to serve the population generally, legislation was enacted the same year authorizing joint federal-provincial participation in

public housing projects. Initially such developments were carried out under a 75-25 per cent partnership arrangement with the provinces but 1964 changes in the Act added a second option of 90 per cent federal loans to provinces or their agents along with 50 per cent sharing in operating costs of the projects. The 1949 amendments also introduced federal participation in land assembly schemes designed to make reasonably-priced serviced lots available in areas where a shortage of building sites was limiting residential construction.

The next major legislative step by the federal government was the introduction of the National Housing Act 1954. The new Act altered the basic method of financing residential construction in Canada from the joint loan system to one of insured loans whereby, rather than participating with private lenders in mortgage financing, the federal government guaranteed loans made entirely by the lending institutions under the terms of the NHA. Under this system, insured loans have been available to Canadians in amounts of 90 or even 95 per cent of lending value repayable over 25 or, in some cases, 35 years. This change, together with accompanying amendments to the Bank Act, was designed, among other things, to encourage the participation of the chartered banks in residential mortgage lending by providing them with a secure and liquid mortgage instrument. Mortgage insurance under the National Housing Act was conceived as—and remains today—an economic operation. Guarantee of full repayment to the lenders is afforded by the administration of a fund established from insurance fees paid by borrowers. The amount of the fee is usually 2 per cent for home-ownership dwellings and 2.5 per cent for rental housing.

Federal support for locally-originated urban renewal projects acquired new scope in 1956 when the Act was amended to permit the Corporation to assist in financing urban renewal studies by a municipality. Further substantial amendments were made eight years later to permit federal grants for the preparation of renewal schemes and contributions and loans for the actual implementation of civic improvement programs. Together the various amendments provide assistance not only for the clearance and reconstruction of blighted areas, but for the rehabilitation and conservation of areas threatened by blight as well.

Loans of up to 90 per cent, amortized over 50 years at interest rates only slightly above government borrowing costs, were introduced in 1960 for the provision of special housing for university students. In the same year, long-term, low-interest loans were offered to municipalities, along with a 25 per cent forgiveness feature, to help meet the growing menace of water and soil pollution through the construction of sewage plants and trunk sewer lines.

A further feature was added to the NHA in 1964 with the provision of long-term, low-interest loans to non-profit organizations for the provision of low-income rental accommodation, especially for elderly persons. Two years later the scope of the Act was broadened to provide NHA financing for existing housing generally, although the loans were restricted to a maximum of \$10,000 and then only for properties on which \$1,000 in improvements had been made and on which both the ownership and occupancy were to change with the new financing.

An important step in stimulating private lender support for housing was taken in 1967 in revising the formula by which the maximum interest rate on NHA loans is established. Under the new scheme the NHA rate was adjusted quarterly at a maximum of 2.25 per cent above long-term Government of Canada bond yields. Together with concurrent amendments to the Bank Act, this change spurred a return to the mortgage market by the chartered

banks whose interest and activity had evaporated during the previous decade and whose re-entry into the market provided an important stimulus to the provision of mortgage funds by the private sector.

In summary, the past three decades have been years of continual expansion of federal activity in housing and urban development, expansion largely on an ad hoc reactive basis as urban problems and pressures have emerged, but expansion which has carried federal policy and federal financing into almost every element of urban Canada.

In quantitative and even qualitative terms, the achievements since 1945 are impressive. Forty-nine percent of the entire Canadian housing stock has been built during that period, the highest ratio of new housing additions in the entire Western world. In the years 1945-68, a total of 2,839,251 new dwelling units were built in Canada, 685,276 financed by approved lenders under the joint and insured lending provisions of the NHA and 371,331 financed directly by CMHC loans. In qualitative terms, Canadian housing stock ranks second only to the United States in the provision of basic equipment such as baths and flush toilets and its average of 5.3 rooms per dwelling makes it the "roomiest" stock in the Western world. Canada's ratio of 63 per cent owner-occupied dwellings compares favourably with a rate of 62 per cent in the United States. And at 0.7 persons per room Canadian housing shares with U.S. stock the lowest density ratio among the industrialized nations.

Provisions of the National Housing Act have been the main impetus behind the construction of dwelling units to meet special needs and requirements. Federal funds totalling \$392.8 million have provided for 38,088 units of public housing, 26,032 of them in the past five years. Loans to limited dividend companies since 1945 have amounted to \$283.4 million, resulting in 38,206 units at fixed rents. Another \$94.1 million has gone to non-profit organizations for the provision of 5,017 units and 10,387 hostel beds, mainly for elderly persons while accommodation of 54,747 students has been provided with federal loans totalling \$282.7 million.

Within the broader context of urban development, \$3.5 million has gone toward the support of 198 urban renewal studies, 135 of which have produced urban renewal schemes with additional federal support of \$2.7 million. In all, 48 urban renewal projects have been authorized for implementation during the past 20 years, involving a total federal investment of more than \$125 million. Sections dealing with land assembly have produced 102 projects with a federal outlay of \$56.3 million, while \$275 million has gone toward 993 sewage treatment projects.

A total of more than \$12 billion in National Housing Act loans, grants and subsidies has been extended to provide Canadians with more and better housing in a suitable urban environment. It is by most standards an impressive record. The issue before the Task Force, however, was whether it was good enough not only in quantitative terms, but, even more important, in its quality, equity, efficiency and effectiveness.

program for an urban canada

A DECLARATION OF PRINCIPLES

While realizing that to attempt to state basic principles is to risk slipping into the well of generality, the Task Force believes that at least part of the problem in the field of housing and urban development can be traced to the fact that governments in Canada to this date have not spelled out their primary goals and priorities in this area. The Task Force recommends that the Government of Canada now do so and suggests that such a statement include a declaration that:

- 1. Housing and urban development are an urgent priority for the people of Canada and must be treated as such by their elected representatives at all levels.*
- 2. Every Canadian should be entitled to clean, warm shelter as a matter of basic human right.*
- 3. While it will take some time to realize this goal, a concerted effort is required by all concerned—governments and the private sector—in the years immediately ahead. A minimum objective must be to produce 1 million additional housing units within the next five years.*
- 4. Within the natural constraints of geography and necessary economic and social limitations, the aim of government policies should be to generate sufficient housing stock of various forms so that all Canadians may exercise their own freedom of choice as to the style and tenure of housing in which they live.*
- 5. This fundamental freedom of choice should not be restricted to those able to compete in the private market, but should also be an underlying principle of public policies to assist low-income groups.*
- 6. The provision of housing assistance to low-income groups can be effective in the long-term only if accompanied by the social and vocational assistance necessary to strike at the root of the poverty problem. The long-term objective must be to sufficiently raise income levels so that all but the most deprived families can compete themselves in the private market.*

7. *The housing needs of most Canadians can and should be met through the private market. Governments, in providing the necessary regulatory framework, should seek to encourage, not inhibit, the construction industry in serving the population at large.*
8. *While an active program of new construction is necessary to overcome the present housing shortage, economic, social and aesthetic considerations demand that greater care and effort be taken to preserve and, where necessary, rehabilitate existing housing stock.*
9. *If Canada needs more housing in a quantitative sense, greater effort also must be made to meet qualitative needs, both in terms of individual housing units and the urban environment in which they exist. Requirements for educational facilities, adequate urban transportation, sufficient open and recreational spaces, clean, unpolluted air—in short, for human and humane urban development—can only be met through effective planning by public agencies.*
10. *To achieve maximum effectiveness, urban planning must be carried out within a realistic geographical and constitutional context but as free as possible of artificial political, economic and social boundaries.*

RECOMMENDATIONS

With these basic principles as a guideline, the Task Force believes a number of concrete steps are necessary to meet the short and long-term needs of an urban Canada. In setting forth their recommendations, the Members have been conscious of the constraints of Canada's present constitution and have attempted to abide by them. In most cases, they also have preferred to state their proposals in general terms, leaving detailed implementation to the responsible governments and their officials.

1. *Financing*

A minimum of 1 million additional units over the next five years would allow the housing market to keep pace with new demand plus making at least some inroad into the current backlog of overcrowding, obsolescence and general shortage of supply. It is estimated that an average of 165,000 units per year are required to meet the demands of new family and non-family formations while maintaining a minimum replacement program of 10,000 units a year. Thus an average of 200,000 units a year will create a "surplus" of 35,000 units annually to help relieve the present shortage and, hopefully, to at least begin to create the kind of vacancy rates which are required if the market is to be a truly competitive one. In setting a target of 1 million additional units by 1973, it should be stressed that this is a minimum objective; the Task Force would earnestly hope that actual achievements would run considerably above this.

To achieve even this minimum target will require the generation of new housing capital of about \$20 billion. The Task Force believes that the vast majority of these necessary funds can and should be provided by the private sector. Over the past 14 years private lending insti-

tutions, primarily insurance companies, trust and loan companies and the chartered banks, have provided \$11.2 billion for housing—42 per cent of the total amount spent by Canadians on housing during the 1954-67 period. By the end of 1967, the total mortgage portfolio held by the life insurance companies amounted to \$6.6 billion or some 50 per cent of their total assets. Trust and loan companies held \$4.8 billion in mortgages, 62 per cent of their total assets, while the chartered banks, back in the market after being inactive since 1959, held mortgages totalling \$836 million or 3.3 per cent of their total assets. A further \$10.4 billion or 40 per cent of the total came from equity participation in the form of downpayments or other financing by individuals; governments contributed \$4.7 billion or the remaining 18 per cent.

While some slight modification appears likely, the Task Force believes that, generally speaking, this division of responsibility is an appropriate one for the Canadian financial system. Private lenders in the past have done a reasonably good job in meeting the requirements of the mortgage market and there is no apparent reason why they cannot continue to do so. Indeed they must do so, for in current economic circumstances and given the heavy public demand in other sectors, it is unrealistic to suggest that governments can or should assume a larger share of this burden.

That is not to suggest that the role of the federal government, in particular, will cease or even diminish substantially in the years ahead. Through CMHC, it will continue to fulfill an important function as a residual lender, filling both in time and geography temporary gaps in the private market system. This residual function under Section 40 of the Act is likely to remain particularly crucial in smaller communities and rural areas where private lenders either do not operate or fail to generate sufficient deposit savings on which to base an adequate mortgage program.

Provided the federal government continues to assist the market at something akin to present levels, private lenders should be able to meet the bulk of mortgage demand. To do so, however, will require a conscious and conscientious effort on their part. Much will depend on general economic conditions. Investment projections prepared by CMHC indicate that, given some slack in overall economic activity, existing lending institutions could provide as much as 60 per cent of the total mortgage requirement, thus all but eliminating the residual role of government. In a rapidly-expanding economy, however, with heavy capital demands from other sources, these projections suggest that the private lenders' share of the mortgage market could actually decline, leaving government with a potentially larger role. Present indications are that the demands of the private sector for investment capital for new plant and equipment, the growing requirements of such capital-consuming areas as power development and transportation, and the continuing demands of the public sector are likely to produce a highly intensive capital market during the years immediately ahead. A major effort will be required on the part of all concerned to ensure that mortgages successfully compete for and receive their necessary share of this market.

Of the \$20 billion required to meet the minimum objectives of the next five years, it is expected that individual equity and financing will account for about 35 per cent or roughly \$6.5 billion. If the present rate of government activity is maintained, public funds will provide in the neighbourhood of \$3.5 billion. That leaves about \$10 billion to be raised from private lenders. With their current and projected asset growth rate, there seems

little question that these institutions can provide funds of this magnitude. The question is how to ensure that they do.

As a starting point, the Task Force believes that the federal government should encourage a much more concerted and co-ordinated effort among the private lenders than has been the case heretofore. There have been consultations in the past between the government and the private lenders. What the Task Force is recommending is a continuing and planned campaign to ensure that Canadians have access to the mortgage funds they require to meet their housing needs. This means setting targets, on an annual basis and on a regional basis. It means bringing the lenders together at least once a year and hopefully twice to compare these targets with lending intentions, again on a regional basis. It means securing, voluntarily and informally, firm indications, if not commitments, from each of the lenders that sufficient funds will be available to achieve these targets. And it means projecting housing requirements at least five and even ten years into the future so that all concerned may have some guidelines on which to form their own plans for the years ahead. Only in this way can Canadians be assured that targets will be achieved on a continuing basis. Only in this way can the Canadian mortgage market hope to avoid the kind of "feast and famine" cycle which in the past has forced the government into crash direct lending programs and wreaked havoc on attempts by the construction industry to plan its building program on at least a medium-term basis.

It has been suggested to the Task Force that, rather than seeking the co-operation of the private lenders on a voluntary basis, the federal government should legislate to require that a certain percentage of these institutions' assets be invested in residential mortgages. Given the importance of housing and urban development to the economic and social well-being of Canadians, this proposal appears worthy of some consideration. On balance, however, the Task Force believes that the implications of such direct interference with the investment portfolios of private lenders and thus with the capital market itself are such as to offset the undeniable benefit of an assured mortgage supply.

While rejecting this form of compulsion, however, the Task Force feels that every effort short of it should be employed to ensure that adequate mortgage funds are made available by the private lenders. To suggest that these institutions themselves have a social responsibility in this regard is not to point them in the direction of unsound investment practice. It is to suggest, however, that such a social responsibility does exist, particularly for institutions which enjoy a privileged position under the law and that, in terms of the real needs of Canada and Canadians, mortgages are closer to that responsibility than personal consumer loans.

Special mention should be made of the potential role to be played in this field by Canada's registered pension funds. With current assets of \$8 billion and a projected growth to \$14 billion within five years, these funds are rapidly becoming one of the nation's largest sources of savings dollars. Yet at the end of 1967 their collective mortgage portfolio amounted to only \$700 million or nine per cent of their total assets. The Task Force feels the pension funds can do better. Again it is not suggesting an act of philanthropy or merely a response to social responsibility. As has been shown by large pension fund holders such as Canada Packers and Air Canada, whose mortgage holdings amount to 60 and 37 per cent of assets respectively, mortgages can be good investments for these funds, especially in diversifying their portfolios and balancing equities with longer-term, fixed-income investments. Mortgages need not be looked upon by pension funds necessarily as substitutes for the equity

holdings on which they are now concentrating, but rather as a more profitable alternative to some of the lower-yielding and less secure fixed-income investments which they hold among their portfolios. The Task Force would hope that pension fund administrators would agree and act accordingly.

In urging a greater effort by private lenders to meet Canadian mortgage requirements, the Task Force realizes that there are some legal impediments in the way of some of these institutions responding to the call. It would urge governments whenever and wherever possible to remove such impediments. In the case of the pension funds, for example, there are some provincial and other laws limiting their investment in residential mortgages. These should be removed. Trust and loan companies might respond more effectively to mortgage requirements if they were permitted to increase their borrowing ratios from 15 to 20 times paid-up share capital and to issue guaranteed investment certificates beyond the present five-year limit. While cognizant of the overall problems involved in the amount and use of foreign capital in Canada, the Task Force also wonders whether consideration might also be given to granting conventional residential mortgages the same exemption from the 15 per cent Canadian withholding tax as applies for NHA loans.

Particular word should be made, too, of the need to ensure an adequate regional distribution of mortgage funds within the overall national allotment. In its travels across the country, the Task Force encountered several instances where communities and even entire regions seemed almost totally dependent on the direct lending activities of CMHC for mortgage financing. As has been stated previously, the Task Force recognized that there are areas, especially rural areas and areas of slow economic growth, where private lenders simply do not operate on a scale sufficient to meet local housing requirements. But Members visited other areas, too, which could hardly be classed in this category, but which appeared to suffer from the same general shortage of private mortgage financing. Private institutions are generating a considerable volume of savings deposits in these areas. They should ensure that this fact is reflected at least in comparable terms in their investment patterns. The people of the Lakehead, for example, do not deposit their savings in these institutions with the thought only of helping to finance high rise apartments in Toronto.

As a general program then to meet the mortgage requirements of the Canadian housing market, the Task Force recommends that:

The Federal Government seek to encourage and co-ordinate the efforts of private lending institutions to meet the vast majority of Canada's residential mortgage requirements by setting annual targets, by canvassing these lenders twice annually to ensure that their investment intentions are adequate to meet these goals, and by paying particular attention to the needs of the various regions of Canada.

A special effort be made to enlist the increasing participation of Canada's rapidly growing pension funds in the field of residential mortgage financing.

The Task Force heard considerable discussion on whether an additional system of lending institutions should be added to the Canadian financial structure to help meet the particular requirements of mortgage financing. Reference was made to the important role

played by the Building Societies of Britain and the Savings and Loans Institutions of the United States. Indeed it was noted that Canada was alone among the major Western nations in not having within its financial system institutions like these dedicated specifically to serving the mortgage market.

In principle, the creation of such institutions has much to recommend it. While it is arguable whether their presence among the deposit-collecting agencies would produce any noticeable increase in the overall savings "pie", these institutions would almost certainly in time acquire their share of that pie, and, in their case, it would be a share devoted by law almost entirely to investment in residential mortgages. This would represent an important gain for the mortgage market at any point in time, but particularly so during periods of high capital demand and inflationary pressure when present lenders tend to give first priority to other investments at the expense of residential mortgages.

In contrast to existing lenders where internal competition is often strong as between various investment avenues, these institutions by law would be devoted to the residential mortgage market. Their structure of interest rates would be tied almost solely to their cost of raising deposit funds without encountering the additional factor of having to have mortgage rates sufficiently high to "bid" against other investment possibilities. A second major benefit of such institutions would be in meeting the problem of regional distribution of mortgage funds. If the pattern of other countries was followed, these institutions by legislation would be locally-oriented, raising deposit savings within a fixed geographical area and required by charter to invest the vast majority of these funds in residential mortgages within that area. Thus a savings dollar raised by a savings and mortgage institution in Lethbridge would be invested in mortgages in Lethbridge, provided, of course, the demand existed there for mortgage financing.

On the more negative side, there is no question that the creation of a new system of financial institutions represents a major and costly step for any country, particularly one which already has a branch banking system. The cost of physically "setting up" such a system with offices, trained staff and the like would be considerable. In addition, to function most effectively a system of savings and mortgage institutions would require a series of important ancilliary measures. The most articulate brief received by the Task Force on this subject, a personal submission by Mr. Michael Boyd of Montreal, listed four such measures, each of them crucial to the success of the system. The four included an insurance system for the high ratio first mortgages these institutions would issue on both new and existing housing, the introduction of a variable interest rate system to ensure that the interest rate on mortgages issued could be adjusted in line with changes in the cost of securing deposits, provision of deposit insurance, and the formation of a central fund, most likely under government auspices, to provide a source of liquidity to individual institutions and to provide a central clearing house to ease supply-demand fluctuations, either seasonal or regional. Without these measures—and without possibly even special tax allowances in their initial years—it is unlikely that a new system of savings and mortgage institutions could operate successfully.

Given these considerations, the consensus among Task Force members is to support the principle of such institutions, while reserving judgment on their immediate necessity

within the Canadian financial system. In short, the TaskForce believes in new institutions if necessary, but not necessarily new institutions. Therefore, it recommends that:

In the event existing lending institutions, including pension funds, fail to allocate sufficient residential mortgage funds to meet national housing goals, the federal government should seriously consider enacting the necessary legislation to establish a system of savings and mortgage institutions designed specifically to serve the residential mortgage market on a regional basis.

While leaving it to the government, in light of the adequacy of the market in the short-term future, to judge the need and timing of new mortgage institutions, the Task Force does believe action should be taken now to meet another of the essential requirements of such institutions. The needed facilities for both mortgage and deposit insurance already exist. The Members feel the creation of a central mortgage bank able to buy and sell mortgage blocks from and to investors also would be a useful step forward. Should new mortgage institutions be established, such a bank would fill the need both for liquidity and as a central agent to balance fluctuations in supply or demand. In existing circumstances, it can provide a valuable source of liquidity for present lenders and for other investors seeking to acquire mortgage holdings. Therefore, the Task Force recommends that:

Serious consideration be given to the establishment of a Central Mortgage Bank to provide additional liquidity for existing lending operations and as a necessary prerequisite to the creation of new mortgage institutions.

To ensure an adequate supply of mortgage funds is not necessarily to ensure that such funds will be available at rates of interest which bring housing costs within the range of the average Canadian wage-earner. Indeed there seems no question that the sharp rise in its cost during the past 30 months has been the largest single factor in placing the price of home-ownership beyond the reach of many middle-income Canadians. A rise of one percentage point in interest rates adds more than \$9 to the monthly payment on a \$15,000 25-year mortgage, raising its total amortization cost by more than \$2,800. A two percentage point increase in the same mortgage raises the monthly payment by some \$19 and the total cost over 25 years by about \$5,700. These are hardly insignificant amounts. Nor do they tell the whole story. Developers and builders operate on credit, too. When their cost of money, short or long-term, is high, they have no alternative but to reflect this increasing cost in higher prices for their product.

If the cost of money is easily identifiable as the major factor in the rising price of housing in Canada, it also unfortunately is the most difficult problem for which to find a simple solution. There are no simple solutions. The mortgage market cannot be divorced from the overall Canadian capital market and the general level of interest rates in Canada cannot be divorced from those of the Western world in general and, particularly, the United States. What can be done and what the Task Force would urge in the strongest possible terms is for all concerned, government, management and labour, to ensure that their policies and actions do not inflate Canada's problems beyond that of the general international market. Mortgage interest rates must come down. The alternative is to continue to deny large numbers of Canadians access to the housing market or to face the prospect of government action unpalatable in force or cost.

While lacking any panacean solution to the problem of high interest rates, the Task Force believes one concrete step can be taken which will have a positive effect on the level of mortgage rates in Canada. Last year the federal government dropped the previous practice of setting the maximum NHA rate at a fixed level and, instead, freed it at least in part to be adjusted automatically on a quarterly basis to a rate of 2.25 per cent maximum above that of long-term Government of Canada bonds. This represented a major step forward from the fixed rate system under which housing suffered from a continual boom-bust cycle of financing depending on whether the rate so fixed was high or low in relation to interest rates generally.

The Task Force feels, however, that further improvement is possible. Whenever a maximum rate of interest is set for any purpose, it tends, at the same time, to become a minimum rate and there is evidence that this has occurred to some extent under the present system. Statistics also indicate that even automatic quarterly adjustments tend to encourage an artificiality in the flow of mortgage funds as investors anticipate the adjustment of every three month period. Finally, and most important, the Task Force has heard evidence from a number of financial authorities to suggest that the spread of 2.25 per cent between long-term Canada bonds and NHA mortgages may well be excessive. To ensure a more continuous and even flow of mortgage funds and in the hope that the NHA rate might well decline, the Task Force therefore recommends that:

The interest rate for insured loans under the National Housing Act be freed to find its own level in the financial marketplace.

A relatively large number of submissions to the Task Force recommended that, unless or until interest rates were reduced, the federal government as a matter of national policy should subsidize those rates to varying degrees on mortgages for lower income groups. Proposals varied from the suggestion that the government set an "acceptable" mortgage rate—say, five or six per cent—and then provide a subsidy equal to the difference between that rate and the going level for all up to a maximum income level, to a sliding scale approach under which varying degrees of subsidy would be provided according to income levels. Some felt the subsidy should be available to those who owned and occupied their own dwellings; others felt justice demanded that it be available to all residential owners with the hope and thought that landlords would pass the savings along to their tenants.

If one truly accepts the proposition that adequate housing is both a basic human right and an urgent national priority, a considerable argument can be advanced to justify a program of public subsidies to ensure that such housing is available to a maximum number of Canadians. While recognizing the argument, the Task Force does not believe, however, that it is conclusive, at least as a matter of general policy.

In principle, such a subsidy program tends to accept that interest rates will remain beyond the reach of the average Canadian and indirectly at least can be said to contribute to maintaining them at high levels. The Task Force, for its part, would prefer that the prime thrust of public effort be directed toward reducing housing costs rather than supporting them at their currently high level. In more practical terms, the Members are concerned about the cost-benefit effectiveness of a general program of interest rate subsidization. Take, for example, the suggestion that such subsidies be on a sliding scale, starting with four per cent for those earning less than \$4,000 a year and dropping one percentage point per

\$1,000 up to \$7,000. Assuming an NHA interest rate of seven per cent and applying that subsidy program only to 296,000 non-farm families in that income range, such a scheme would cost more than \$60 million a year* for the 25-year life of the mortgage. And that figure does not include any provision for subsidies to those in that income range already purchasing houses or to new family formations in this category during the 25-year period. Take those groups into account and the bill clearly would exceed \$100 million a year. This is a sizeable amount to be financed out of general government revenues, particularly at a time when the federal treasury is attempting to hold the line on expenditures and thus to reduce pressure on the capital market and interest rates. It also should be noted that Canadians in the \$4,000-\$7,000 income bracket—the main beneficiaries of these subsidies—represent some 38 per cent of the tax-paying public and pay more than one-third of the personal income taxes out of which the government supposedly would finance the subsidy program.

For these reasons, together with the practical problems involved in working out a just system vis-a-vis old and new homes, owner-occupants and landlords, the Task Force cannot support the concept of a general program to subsidize mortgage interest rates.

One area in which the Task Force feels strongly that improvements can and should be made is in the mortgage instrument itself. Given the varied requirements of both mortgage lenders and mortgage borrowers, the present mortgage instrument is a highly inflexible vehicle. Amortization periods are limited in most cases to a maximum of 25 years. Terms under the NHA are fixed for the life of the mortgage; in the case of conventional residential mortgages they are fixed for a minimum of five years. Under the NHA the maximum loan obtainable is \$18,000, sufficient to cover up to 95 per cent of the cost of a house in some markets, but hardly 75 per cent in others. Borrowers must be able to raise at least five and, more often, ten to 25 per cent equity as a downpayment. Monthly payments are at a fixed rate for the term of the mortgage without regard to the borrower's potential ability to pay more as he earns more. In short, mortgages are too rigid. The Task Force believes they should be made more flexible.

Various lenders have different investment needs and preferences. Some prefer the security of a long-term, fixed-interest loan to coincide with their own long-term liabilities. Thus the growing concentration of insurance companies' mortgage portfolios in multiple-unit developments where, among other advantages, corporate borrowers can be "locked in" for 20 years of a 30-year loan, whereas mortgages on single-family dwellings can be paid off after five years. Other lenders, such as trust and loan companies, obtain their savings deposits on a short-term basis and thus would seem to prefer the freedom to adjust rates provided by short-term investments. To make NHA loans more in line with their needs, the Task Force believes more flexibility is required. Mortgages with a five-year term, for example, would seem to offer a more attractive investment. Under this option, existing mortgage insurance should be transferable in order to minimize the administrative problems of any necessary refinancing.

Another option, discussed particularly in the context of new mortgage institutions, might be a long term loan with a variable interest rate adjustable possibly on an annual basis as in the case with the British Building Societies. In this case, it is suggested that, particularly from the borrowers' point of view, it would be advantageous to have changes in the rate—and thus in the total cost of the mortgage—accompanied by changes in the amortization period rather than in the level of monthly payment. Thus the monthly payment

would remain constant with the amortization period extended or reduced as the interest rate rose or fell accordingly. In the case of this option—but this option only—it would be necessary to establish an overall ceiling (perhaps similar to the present system for fixing the maximum NHA rate) to protect the borrower against excessive short-term increases.

Another possible mortgage form worthy of consideration, in the view of the Task Force, is what is known as an “open-ended” mortgage. Under such an instrument, when a house is sold, rather than paying off the existing mortgage and taking out a new one, the purchaser merely restores the existing loan to the amount necessary to handle his financing. Indeed the open-ended mortgage can be of equal benefit in cases not of sale, but of improvements to the property by the existing owner. In this instance, rather than negotiating a separate home improvement loan or a second mortgage, the owner can merely add the cost of the improvements on to his present mortgage. The system does present some administrative difficulties, particularly in respect of fluctuating interest rates, but it has been used successfully in other countries and does warrant serious study in Canada.

With the additional note that changes such as these will require an organized informational and educational program among the public, the Task Force recommends that:

Serious consideration be given to providing alternate forms of insured loans under the National Housing Act to provide greater flexibility for both lenders and borrowers.

From the borrowers' point of view, further improvements are possible. Mention has been made of the present ceiling of \$18,000 on NHA loans. In some centres visited by the Task Force—Toronto and Thompson are two diverse examples—this maximum is patently unrealistic even where incomes are high enough to meet the normal mortgage requirements. In these markets, basic single-family dwellings are selling for \$25,000 and up, leaving the purchaser under the present NHA maximum to raise \$7,000 by way of downpayment or to undergo the high-interest cost of secondary financing. It clearly was not the intention of the drafters of the National Housing Act to leave the potential purchaser of a modest home in that predicament.

It should be pointed out that a substantial increase in the maximum loan ceiling does not involve, as some appear to believe, “subsidizing the rich at the expense of the poor.” Indeed it does not involve subsidizing anyone. Insured loans under the NHA are not subsidized by the government. Borrowers pay a two per cent fee to acquire the mortgage insurance which is guaranteed by the government. It is the existence of this insurance guarantee—and not any government subsidy—which results in a lower interest rate for NHA loans than generally applies to conventional mortgages.

It is argued by some that increasing the maximum loan ceiling would result in more large loans on more large homes, thus, in fact, reducing the number of houses financed under NHA by any given amount of funds. The Task Force acknowledges that a higher ceiling will aid the purchaser of larger and more expensive housing, but it does not believe that this will result in any appreciable reduction in the total number of units financed. In the present situation, where the ceiling is too low, the result is not so much no large loans as inadequate first mortgages requiring secondary financing. Funds for the latter come out of

the same overall money supply, only at higher rates. Thus the prime impact of a higher ceiling should be to reduce mortgage costs by eliminating in most cases the need for second mortgages.

A final word on this item. In reviewing the recent history of the NHA maximum loan ceiling, the Task Force noted that many of the previous increases have been on a relatively small scale, hardly more than enough, in fact, to cover the normal increase in housing costs. To achieve maximum effectiveness, the members believe that the next increase should be a substantial one. While leaving it to the appropriate officials to determine the precise figure, the Task Force would suggest that the \$30,000 range would appear appropriate in present circumstances. As a general principle, however, it is recommended that:

The maximum loan ceiling under the National Housing Act should be substantially increased.

Similarly, the Task Force believes consideration should be given to extending the amortization period of NHA loans. Under present regulations, the general repayment period is 25 years, although provision is made for an amortization period of up to 35 years. While the net reduction in monthly payment resulting from a longer amortization may not appear too significant—on a \$15,000 mortgage at eight per cent, for example, lengthening the amortization period from 25 to 40 years reduces the monthly charge by \$11.65—its impact, in fact, extends well beyond the monthly dollar saving. The real key is its effect in extending the eligibility of mortgage applicants under the 27 per cent gross debt service ratio (the ratio of principle, interest and tax payments to the borrower's income) set out in the Act. The above example of an \$11.65 monthly or \$139.80 annual saving has the practical effect of opening up eligibility for such a mortgage to Canadians earning some \$520 a year less than the present income floor. Thus the Task Force believes that longer amortization periods can be of significant benefit in some cases and recommends that:

The amortization period of NHA loans should be lengthened to the extent that it might be of assistance to prospective borrowers.

For many prospective Canadian home-owners, the issue is less the size of the monthly payment needed to carry principle, interest and taxes and more the scale of downpayment required to qualify for a mortgage. Under the National Housing Act, it is possible to obtain a mortgage with a five per cent downpayment. Conventional lenders are supposedly limited to 75 per cent loans, although devices such as the loan techniques employed by agencies like the Mortgage Insurance Company of Canada make it possible, in practice, to obtain up to 90 per cent financing. In passing, the Task Force questions why resort should have to be made to such techniques to obtain a 90 per cent conventional mortgage and suggests that consideration be given to permitting insurance and trust companies to issue mortgages of this magnitude directly.

Whatever the present equity requirement, five or ten per cent, direct or indirect, the Task Force believes that downpayments can and should be reduced further on a gradual basis, particularly on modest houses for middle and lower-income purchasers. Such a reduction could open the doors of home ownership to many Canadians whose monthly income is sufficient to carry rental payments as large or larger than the monthly costs of home

ownership, but who amid today's living costs simply cannot save up that \$1,000 or \$2,000 needed for a downpayment on a home of their own. Many in this category can rightfully claim a reasonable expectation of income growth in the years ahead, adding to their security as a mortgage borrower. Their problem is to get that mortgage and that house now when their children are young and their need for family accommodation is the greatest. The Task Force is convinced that there are hundreds, probably thousands, of such Canadians who could meet the requirements of mortgage lenders provided they did not have to face the obstacle of a sizeable downpayment. It believes that obstacle alone should not deny them the opportunity to purchase a home, should they so desire.

Over a period of time, a system of gradual reduction in downpayment requirements should be carried to the point where lower-income families are provided the opportunity to acquire home ownership without any initial equity participation. One way to accomplish this would be through an agreement-for-sale scheme, insured under the NHA the same as a mortgage, by which a tenant would have an opportunity after a specified period has passed under the agreement to acquire title to the property by transferring the insured agreement for sale into an insured mortgage at the original lending value minus equity built up in the form of rental payments. In such a case, the lending value, on which the insured agreement for sale was based, would have to be equal to the purchase price. Various formulas are undoubtedly possible. The Task Force wishes to emphasize only that it can be done and done in a manner which provides equitable protection and return to both the lender and the borrower.

In suggesting this and other means by which home ownership can be brought within the income range of more Canadians, the Task Force is cognizant that care must be taken in introducing these improvements on a progressive basis. It feels, too, that such changes need not be introduced on a uniform basis across the country, but could take into account particular regional requirements or problems. The overall aim is to increase effective demand for housing. Unless there is an equivalent increase in effective supply of both funds and housing—or at least in the capacity of lenders and builders to respond to new demand—the gains will be lost amid the price spiral which occurs whenever demand increases more quickly than supply. With that caveat, however, the Task Force recommends that:

Downpayments should be progressively reduced to the point where middle and lower-income groups can obtain modest housing under a lease-purchase system without initial equity participation.

When one talks about mortgage financing, the discussion tends too often to be confined to the purchase of new housing units. It is important, to be sure, that considerable effort be devoted to the construction of additional units, particularly in a country facing a general shortage of housing supply. But to seek as a basic principle that all Canadians have access to clean, warm shelter is not by any means to suggest that everyone has a right to new housing. Indeed in practical terms, it is clear that many Canadians, particularly those in the lower-income groups, cannot afford new houses, even with some public assistance. It is equally clear that there are many Canadians who prefer of their own desire and taste to live in used or "broken-in" housing. Thus policies designed to meet Canadian housing needs must be concerned as well with the financing of existing dwellings.

This is particularly true if the "filtering down" process is to work in the housing market. That process unquestionably works with automobiles and many other durable goods. Such items are purchased new by those who can afford them and then transmitted "second-hand" but in perfectly usable condition down the income ladder. In the automotive field in particular, the system of consumer financing provides for such filtering down by making credit available for used cars under just as favourable—if that term can be applicable here—conditions as apply to new ones. But not with houses. Under the National Housing Act, first mortgage loans on existing housing are limited to \$10,000 and then only on properties which have undergone \$1,000 in improvements and on which both ownership and occupancy are to change. Thus anyone seeking to buy a house of remotely recent vintage in a major urban area is all but automatically forced into the field of second, third and even fourth mortgages with all the drastic costs and pitfalls which they so often entail.

The Task Force can find no reasonable justification for such discrimination against existing housing. Indeed as a matter of principle, it believes strongly that purchasers of existing houses should be afforded the same mortgage opportunities and conditions under the National Housing Act as those purchasing new homes. The often irrelevant mandatory requirement for improvements to existing properties should be abolished. The requirement for changes in both ownership and occupancy should be revised. And the maximum loan ceiling on broken-in housing should be related to the lending value of the property on a percentage basis and not fixed at its currently unrealistic level. In short, a new deal for purchasers of existing housing.

The Task Force realizes that mortgage lenders, like any other group of investors, will continue to exercise individual value judgments within the market open and the resources available to them. Some will continue to favour the financing of new housing; others may be more attracted to existing housing. The concern is that the NHA cards not be so heavily stacked in favour of one over the other. Therefore, as a general recommendation, the Task Force strongly urges that:

As a matter of principle, purchasers of existing homes should be entitled to comparable mortgage conditions under the National Housing Act as apply to new houses.

Another area of mortgage administration which the Task Force feels should be reviewed is the present practice in respect of establishing lending values. These practices are of crucial importance since, contrary to what many might believe, the amount of a mortgage loan is determined as a percentage of the lending value of the house and not its sale price. The two can be some distance apart. In some regions of the country in particular, the Task Force heard complaints that average lending values were being set at a level far enough below the current housing market as to force too many purchasers into secondary financing. The Members feel that in such cases a revision and revamping of lending value policies are in order.

In seeking to acquire a mortgage, the potential home owner faces costs beyond the actual price of the house itself. A mortgage insurance fee is added to his mortgage loan. In addition, he pays, directly or indirectly, legal fees and real estate commissions. While none of these items in itself may appear to be a major expense, their collective cost can and does

run to many hundreds of dollars. These costs are important, important enough, the Task Force believes, to warrant serious review.

The current mortgage insurance fee under the National Housing Act for residential loans is two per cent of the loan value. On a \$15,000 loan, for example, the fee is \$300. The mortgage insurance system is an indispensable feature of the Canadian housing system. But a review of its operations indicates that consideration could be given to reducing the amount of the fee, perhaps by 50 per cent, without causing any practical damage to its effective operation. During the 1960's, total receipts into the mortgage insurance fund have averaged close to \$30 million a year, while payments for claims and legal expenses have only once exceeded \$15 million. The result is that the fund's balance has risen sharply from \$72 million in 1960 to almost \$200 million by the end of 1967.

Both legal fees and real estate commissions also are generally based on the value of the transaction involved. While there is no national fee structure in either case, legal costs tend to average one per cent of the mortgage value. They can run well beyond that, however, as exemplified in the \$700 fee reported to the Task Force during its visit to St. John's. Real estate commissions vary from four to seven per cent, depending on whether agents or local boards have a special rate for volume sub-division sales. In the case of legal fees, the Task Force cannot escape the feeling that in most cases the work involved is being done by a competent legal secretary on pre-drawn forms provided by CMHC. Thus it is suggested that provincial bar associations review existing fee structures, taking into account the routine nature of much of this work, particularly in cases where a single lawyer or firm writes a large number of similar mortgages for a sub-division development. Similarly the Task Force believes that real estate boards would do well to review their commission rates, again with particular attention to the undoubted cost savings to them in handling volume marketing for project builders.

In general then, the Task Force would recommend that:

Effort be made by those concerned to reduce insurance fees, legal charges, real estate commissions and other administrative costs.

Within the framework of the present National Housing Act, the Task Force believes there are programs and policies which, if modified and vigorously pursued by CMHC, could make a more substantial contribution toward the housing needs of middle and lower-income groups. Three programs in particular seem worthy of comment.

The first is the provision under Section 16 of the Act for long-term loans at preferred interest rates to limited-dividend companies providing accommodation at fixed rentals for lower-income families and individuals. The scale of rents are effectively limited under these loan agreements by requiring that the company undertaking the project hold its return on paid-up share capital to a maximum of five per cent. Rents then are set at the monthly unit cost of principle and preferred interest plus operating charges and a profit margin of no more than five per cent. Because the rate of interest on these 90 per cent loans can be as much as two per cent under the current market rate and since the maximum permissible profit margin is less than half that of normal commercial practice, the result is a scale of rents significantly lower than normally exists in the private market. To ensure that these low-rental units are available to those requiring assistance, the Section also provides for a maximum income for eligible tenants.

While the limited dividend program has been a part of federal housing legislation since the 1930's, its use has been something less than sustained. During the 1965-67 period, for example, a mere four limited-dividend loans were issued by CMHC, while only once during this decade has activity under this section reached as much as 50 loans a year. The Task Force believes that limited-dividend accommodation can play a more effective role in meeting the housing requirements of lower-income groups and urges that it be given a larger and more continuous place within the federal housing program. As well as its obvious benefits in holding rental rates in check, the Task Force was struck during its cross-country tour of the inherent psychological benefit of this program in that the subsidy in the form of preferred interest rates is transferred through the development company. Tenants, who themselves pay the full rental rate charged by the company, feel no direct sense of subsidization and thus none of the personal or community stigma which tends to befall people who receive direct subsidies through public housing and other such programs.

The Task Force realizes that the initiative under this program must lie with private developers who make application under it. But it does believe that CMHC itself, through adequate provision of funds and through an active program of promotion and encouragement, can do much to achieve a wider use of Section 16. It may well be that, to achieve such wider use, consideration will have to be given to increasing the five per cent maximum on permissible earnings allowed companies under the program. This maximum was set at a time when the general level of interest rates was much lower than currently exists. Members feel, however, that a reasonable and realistic increase in this regard is not an undue price to pay for the undoubted benefits of an expanded limited-dividend program.

Section 16A of the Act, which provides similar long-term loans at preferred interest rates for non-profit organizations providing low-rental accommodation, particularly for elderly citizens, is another program which the Task Force believes merits greater use. Again the initiative lies with the applicant organization. But again it should be possible for the Corporation to promote and encourage its wider employment.

Under the present Act, as is the case with limited-dividend loans, loans to non-profit organizations are limited to 90 per cent of the project's lending value. In the course of its hearings, the Task Force received representations from a number of interested groups and organizations that this ceiling should be increased to reduce the amount of equity which must be raised by an applicant association. The Task Force does not accept the argument that this equity provision should be removed entirely; it feels that even a non-profit organization should be required to raise some of the necessary capital, if only to help ensure that its management of the project is as efficient as possible. But Members do feel that serious consideration should be given to meeting these requests halfway by increasing the maximum loan to 95 per cent of lending value.

Finally—although no means last in importance—the Task Force wishes to lend its strong support and encouragement to the co-operative housing movement. While the co-operative approach has had a limited impact within the Canadian housing scene and is not applicable, in the view of the Task Force, to every housing situation, there seems no doubt that it can and should be of wider benefit in meeting the country's housing needs. One has only to look for confirmation to the success of the "self-help" co-operative program in Eastern Nova Scotia which has provided some 3,000 homes during the past 30 years for families with average incomes of no more than \$4,500 a year. Or to the Willow

Park project in Winnipeg where 200 town house units were built for an average cost of \$13,200 and operated on a shareholding co-operative basis.

Co-operative housing does not receive special or subsidized treatment under the National Housing Act—nor, it should be stressed, did its advocates such as the Co-operative Union of Canada, the Extension Department of St. Francis Xavier University and the Co-operative Housing Foundation seek special treatment in their submissions to the Task Force. What is required and what was sought by these groups was some positive encouragement for co-op housing by way of information and promotion. The Task Force, having found a general lack of knowledge among Canadians about co-operatives, concurs with this request. The Members also have noted that co-op housing has been most effective when promoted by university extension departments or other agencies able to provide specialized counselling and assistance to those involved. Thus they would suggest, too, that financial assistance might be made available to appropriate organizations to hire such specialists to work with co-op housing groups.

Members would add, however, that, if government should provide more encouragement and promotion of co-operatives, the same can well be said of certain elements within the private sector. In particular, the Task Force would suggest that the labour movement, which professes such strong faith and support for co-operatives, could do more by way of practical effort and financing from within its own very real resources. In summary then, the Task Force recommends that:

Greater encouragement be given to the use of limited dividend, non-profit and co-operative projects as a means of providing adequate accommodation for lower income groups.

2. Land Cost and Utilization

If the cost of mortgage money has been the largest single factor in rising housing costs, there is no question that the cost of land has been the second most important factor. While overall housing costs in Canada rose by about 80 per cent between 1951 and 1968, the price of serviced land skyrocketed by almost 240 per cent in the same period. In areas like Metropolitan Toronto, where land in many cases accounts for up to 50 per cent of the overall price of a house, it has become the number one problem. On a nation-wide scale it is an issue of varying urgency. While Toronto may represent an extreme, there are many other municipalities where land costs have doubled in less than a decade and still others where a serious land-cost spiral appears just around the corner. Cities like Saskatoon, where serviced lots are available for less than \$3,500 are already a relative rarity. A survey of 26 major municipalities by the Canadian Federation of Mayors and Municipalities disclosed that, in almost 50 per cent of them, the average cost of a serviced residential lot was in excess of \$8,000. And all of this in land-rich Canada.

Part of the increased cost of serviced land is, of course, nothing more than a reflection of generally increasing prices. Land and, more particularly, the labour and materials involved in servicing it are hardly immune from the overall effect of increasing costs throughout the economy. But the degree of increase in land is such in many cases to make it clear that more than general cost factors are at work in this area. One of these factors clearly involves

the speculative element which surrounds much of Canadian land development. The Task Force believes that the very system whereby land is assembled and serviced in this country creates an even more basic problem. *

Undue speculation is a charge easy to level, but often difficult to prove. But one can hardly deny that it exists in the Canadian land market and, in some cases, to an alarming degree. There simply can be no other explanation for instances recounted to the Task Force in several areas where the price of land has jumped by up to 100 per cent in a relatively short space of time and with no apparent change in its physical appearance. Little wonder, as one witness was wont to comment to the Task Force, that "there are fewer and fewer farmers around Toronto and more and more land speculators in overalls."

The right to own and dispose of property and to take a reasonable gain from one's labours are an integral part of the Canadian tradition. But the Task Force seriously questions whether such rights can be stretched to encompass situations where the owners of land reap gigantic financial benefit not from improving or working it, but merely by allowing it to lie fallow or in admitted under-use while the efforts of the community around it make such land an ever increasingly valuable asset. There clearly is a socially-created increment in land values, an increment derived not from the efforts of the land owner, but from the society or community at large. One might argue that, within the context of the surface of a piece of land itself, such socially-created values represent the only increment. Why else should an acre of land in the downtown metropolis be valued at 100 or 1,000 times that of a physically similar acre of land in the undeveloped north? Socially-created increments are very much a part of land values. The issue is who should reap their benefits. The Task Force believes the present system is heavily over-weighted in favour of the speculator.

There are essentially two types of land speculation, both of which have been at work in the Canadian marketplace. The first represents speculative investment in its simplest form. A company or individual buys land, usually a short distance beyond the fringe of present urban development, and then merely waits for those socially-created increments to catch up with his investment. The urban area expands. Land which when purchased may have been little more than unworked farm property suddenly becomes a prime site for development. The speculator, whose only cost has been the marginal taxes charged against "farm land", sells out to a developer and enjoys a sunny winter in the south. The developer is left to service the land, build on it—and pass his inflated land cost on to the eventual purchasers of his houses. While the Task Force may admire the ingenuity of such speculators—and envy their southern vacations—it can find no justification for them retaining the massive profits which they have taken, not earned, from unimproved land. For many years such profits tended to be looked upon as a capital gain and thus not subject to tax. In recent months, however, tax authorities have indicated a growing trend to treating these gains as taxable income. The Task Force believes they should be so considered.

The second form of land speculation noted by the Task Force is much more subtle, if equally costly to a municipality and its residents. Rather than involving land beyond the present area of urban development, this speculative enterprise is more often found at its very core. It involves not a lack of use of land, but its serious and purposeful under-use for speculative purposes. It finds its reflection in tracts of prime urban land on which dilapidated structures sit idle or near-idle or for which its owners seem unable or unwilling to find any more constructive use than a parking lot. It reaps its socially-created value

increment, too, when governments expropriate it or private developers pay a large price for it to put the land to the kind of positive use its position within the community demands.

The Task Force well realizes that the development and utilization of land, particularly within the commercial core area, is very much dependent on market demand. There is little use demanding either through zoning bylaws or assessment penalties that all available commercial land be developed to the fullest if there is no effective demand in the area for office space. The Members are not arguing that developers should be required to act in a market vacuum. It is concerned, however, with evidence of some cases where owners of urban land appear to be holding back its maximum development even where a market exists in the apparent hope of an even larger speculative gain in the future.

Such practices draw their strength from municipal property assessment procedures based more on what is on the land than the land itself. Thus taxes on downtown parking lots are only a fraction of those charged against the high-rise office beside them. And it is much cheaper tax-wise for the owner of a slum property than for one who himself erases blight from his property and replaces it with a modern development. As land becomes ever more scarce within our major urban areas, the Task Force feels that municipalities in their own interest cannot permit and even encourage such under-utilization of such a valuable asset.

Members were attracted in principle to the concept of "site value taxation" outlined to them by the Canadian Research Committee on Taxation. This proposal would sharply reverse the present assessment procedure, basing property taxes on the publicly-created value of land rather than the privately-created value of the buildings on it. In essence, the owner of a piece of urban land would be taxed on what he *could* do with the property, given its place and demand within the community, and not on what he has done with it, be it good, bad or indifferent. The Task Force wonders whether this concept is not worthy of serious study by municipalities and possibly of trial implementation in an urban pilot project. In a more general sense, the members do feel that present assessment practices should move more in that direction, certainly to the extent needed to ensure, as far as property taxes can, that urban land is put to its maximum use in relation to the city's own development plan.

In short, the Task Force believes undue speculation has contributed both to rising land costs and uneconomic and wasteful urban development patterns and that steps should be taken to discourage such practices as far as possible. Therefore, it recommends that:

All profits from the sale of land should be treated as taxable income. In addition, consideration should be given to a special tax in cases where ownership of land is transferred without improvements.

Within the recognized limits of market demand, municipalities should ensure that property assessment procedures encourage and not discourage the use of land to its maximum planning potential.

Important as efforts to curb land speculation may be, the Task Force believes the root cause of rising land costs goes much deeper. To put it simply, it believes that the present system for assembling and servicing land in much of urban Canada is irrational in concept and inefficient in practice.

As the Task Force criss-crossed Canada, its members were struck by the fact that current land development practices are as much a matter of historical accident as logical planning. The "accident" was the depression of the 1930's and its impact on land owners and municipalities. In some cases, it had beneficial results; in other cases, the impact was more negative.

To take a positive instance, the Task Force noted, as previously mentioned, that land costs in Saskatoon had been held in check—despite the fact the city's population has more than doubled in the past five years—and that the pattern of urban development there showed a certain rationale that appeared lacking elsewhere. In tracing the historical background, the Task Force discovered that, prior to the 1930's, land in the Saskatoon area had been owned and developed by private entrepreneurs. During the depression, however, large numbers of these entrepreneurs defaulted on their property assessment payments and the municipality thus acquired ownership to large tracts of development land. Looked upon at that time by city fathers as a doubtful, unrealisable asset, this "bank" of publicly-owned land subsequently provided the foundation for an effective system of municipally-assembled and serviced land. Through it, the municipal government has been able to provide land for private development at reasonable prices while at the same time planning the development pattern in a comprehensive sense and retaining, again on a planned basis, sufficient land at the proper sites for public uses such as schools, libraries, parks and the like. Starting with the original depression "windfall", Saskatoon has continued to acquire land, sufficiently ahead of development to keep prices down, to the point where it has been able to accommodate current urban expansion and still build up an inventory of some 5,000 acres which should meet development needs for the next 20 years.

In much of Ontario, on the other hand, the vagaries of history produced a different result. In this province, prior to the depression much of the land development was serviced by municipalities. With the crash, however, many of these local governments defaulted on their debentures, resulting in action by the provincial government to rigidly limit and control municipal debt financing through the aegis of the Ontario Municipal Board. Once the supply of municipally-serviced lots evaporated amid post-war demand, the task of assembling and servicing land fell by default to private entrepreneurs. Initially with the co-operation of municipal planners and officials, the system functioned with reasonable effectiveness. Over the years, however, with ever-mounting regulation and with ever-increasing speculation, the assembly and servicing of land in Ontario has become a cumbersome and expensive process. The present price of serviced lots is unfortunate testimony to its cost; the mere number of approvals required are themselves witness to its inherent difficulty. Indeed it is no small tribute to them that the leading land developers in the province have been able and willing to persevere and to provide the serviced land without which the nation's wealthiest province would stagnate.

The Task Force believes there is a lesson to be learned from these examples. It has concluded that, to achieve both cost efficiency and planning effectiveness, municipalities (or, as expounded later in this Report, regional governments) should acquire and service all or a substantial portion of the land required for urban growth within their boundaries. It believes, further, that the federal government should be prepared to make loans to municipalities for this purpose.

In the view of the Task Force, the arguments in favour of municipal assembly and servicing of land are overwhelming. Members are convinced that, without downgrading the initiative and enterprise of private developers, municipalities can do this job at generally lower cost to the ultimate user. There is no question in their mind that municipalities can plan the use of land more effectively if they assemble and service it.

From the point of view of cost, a prime factor must be the economies of scale. Under a system of private development, land tends to be purchased and serviced in small parcels of 25, 50 or 100 acres. A development of 300 to 500 acres is unusual; one of 3,000 such as Kanata, near Ottawa, is almost unique. And yet there can be no question that it is more efficient to assemble land and, even more important, to service it in large tracts. A large potential development property divided artificially by ownership creates any number of problems. The owner of one piece may be anxious to proceed with development—only to find that the neighbouring property, often the one through which trunk services must pass, is in the hands of a speculator holding out for even larger profits or is caught up in the legal haggling of a contested estate. The result is confusion, ever more government regulation and restriction, and ever-rising cost.

The Task Force believes that a policy of municipal assembly and servicing of land would have another significant effect on land costs. In areas where the installation of services rests with the private entrepreneur, there appears to be a tendency among local governments to require extremely high, if not exorbitant, standards of service. Such "Cadillac" requirements, as they are called by builders groups, add further to the cost of a serviced lot and thus to the purchaser's price of a home. The survey of its major members by the Canadian Federation of Mayors and Municipalities showed that in some areas developers were required, either by provincial law or municipal by-law, to install storm and sanitary sewers and water mains, set roadwidths at a minimum of 66 feet with at least 28 feet of paving plus curbs and/or sidewalks, provide for underground electrical and telephone wires, and install street lights. One can understand the temptation for municipalities to set the highest possible standards, thus saving themselves repair and maintenance charges in the years ahead, when someone else, i.e., the developer and ultimately the consumer, are paying the servicing shot. It seems fair to speculate that their requirements might not be as severe if their land and their money were involved. In making this point, the Task Force is not arguing in favour of substandard services by any means. It is suggesting only that some of the "gold-plating" could be removed without damage to anyone concerned, but with significant savings to the Canadian home-owner.

The argument in favour of municipal assembly and servicing of land is equally strong in terms of effective urban planning. During its visit to Kanata, a breath of planned air amid the unreasoned sprawl of urbanization, the Task Force was told flatly by project developer William Teron that "there is no use dreaming about planning a city unless you own the land." While one can argue over degree, the basic logic seems incontestable. Again the question of scale. How can a private entrepreneur or anyone else "plan" within the confines of 25 or 50 acres? How can a municipality ensure that its pattern of growth is efficient and logical when basic decisions as to the sequence of land acquisition and servicing rest with private developers, many of whom lack the will, the expertise, and the capital to take an overall view of urban development? *

The necessary "grand design" of urban development can be drawn and implemented only by municipalities or even more preferably, as the Task Force urges, by regional governments. And they can implement it only if they control the land. Saskatoon has proven it. The National Capital Commission has proven it. And Mr. Teron was able to do it, only because his development company acquired land on a scale which, in most instances, could be accomplished only by government.

Some might argue that municipal planners already possess the necessary tools in the myriad of by-laws and other regulations they are able to impose on private developers. But where is the "grand design" in zoning by-laws, sub-division requirements and the like? Instead of positive planning of transportation corridors, public and open spaces, and other broad elements of urbanization, there exists a flood of negative minutia dictating minimum lot sizes, setbacks and other requirements virtually inconsequential from a planning viewpoint. At best present municipal development by-laws can be said to prevent the worst. In point of fact, as often as not they merely inhibit the best. Given control of the land development pattern, the Task Force would hope that city planners could turn their sights and efforts to more constructive purposes.

In suggesting that federal loans should be available directly to municipalities for the purchase and servicing of land, the Task Force is conscious of the political sensitivities inherent in direct dealing between Ottawa and local governments. Such dealings, however, are not unprecedented. Arrangements were made in some cases under the sewage treatment loans program and the Municipal Development Loan Fund for direct federal loans to municipalities. Under Section 16A of the National Housing Act municipalities themselves have applied and received direct loans for non-profit housing for elderly citizens.

In this particular case, the Task Force would suggest that the type of lending operation it advocates, leaving value judgments strictly to the local or regional governments, is a banking function—and thus a legitimate federal enterprise—and not an infringement into municipal affairs or property rights. In the view of the Members, the federal government is the logical agent for such a funding operation, both in terms of the financial resources open to it and its ability to administer a nationwide program. The Task Force would hope that the provinces would not stand in the way of what it considers a major step forward in urban planning and development. It would urge any provincial government which does demand a role in the process to seek the part of expediter and not agent of delay.

Because the Task Force believes that the federal role in this program is primarily and essentially a financial one, subject possibly to the condition that each land purchase transaction be accounted individually and therefore available for public scrutiny, the particular use of federal loan funds should be a matter of municipal (regional) judgment and responsibility. They are the governments closest to the situation and the ones best able to make the necessary decisions as to land development and use. The Task Force would hope, however, that Ottawa would encourage municipalities to use these funds for land assembly within the context of a long-range urban development plan. Indeed the Task Force would hope that such long-range planning would occur, whether or not municipal or regional governments used available funds to develop land.

While realizing that legislative details are best left to the bureaucrats, the Task Force would suggest that federal loans under this program should be on an economic rather than a subsidized basis. When made, the loans, including interest, could be capitalized against

the land in the form of a short-term lien or mortgage and then repaid when the municipality sold the serviced land for private development. In that way municipalities could handle them separately and apart from their normal debenture debt.

The Task Force would not attempt to dictate the price at which municipalities should sell such land, but it could see no objection to a practice whereby the local or regional government recovered its actual costs, including those for land reserved for public uses under its development plan, plus some profit. The aim, however, clearly must be to reduce the cost of serviced land to the ultimate consumer.

In case of industrial, commercial or multiple-unit developments, municipalities or regional governments might wish to lease land rather than actually sell it. As well as the long-term planning benefits possible under a leasing approach, such a system also would help ensure that some of the socially-created increment in land values accrued to the community at large through the terms of leases. Thus the Members would suggest that provision be made within this program for converting some of the short-term loans to long-term debentures in cases where the land is leased rather than sold.

A program of this nature and scope can not be instant or automatic. There will be a necessary transition period from the present system to the proposed one. In many cases municipalities at this point do not possess the necessary planning and land management expertise to administer a program of this magnitude. Some time will be required to train the essential human resources. The Task Force would expect, however, that some municipalities could take almost immediate advantage of the program with others entering on a more gradual basis. It would hope that the program would begin to achieve results at once, with its full impact being felt within a decade.

On the basis of all the evidence and impressions before it, the Task Force believes that municipal assembly and servicing of land would produce major reductions in land costs in both the short and long-term while encouraging and assisting effective urban planning. Therefore, in summary, the Task Force recommends that:

Municipalities or regional governments, as a matter of continuing policy, should acquire, service and sell all or a substantial portion of the land required for urban growth within their boundaries.

The federal government should make direct loans to municipalities or regional governments to assist them in assembling and servicing land for urban growth.

Reference already has been made to the myriad of provincial and municipal regulations and requirements for land development. This burden of red tape must be eased, no matter whether land is developed under public or private auspices. The Task Force believes that provinces, for their part, should restrict their involvement in land development to issues which clearly have an impact beyond local boundaries. On that basis, one can support provincial requirements in areas like pollution control and trunk highway connections. But it is difficult, if not impossible, to find a rational *raison d'être* for provincial regulations establishing a minimum street width in a residential subdivision or provincial decrees that five per cent of the land in any subdivision must be reserved for parks. Matters such as this are strictly of local concern. If they need be regulated at all, it should be at that level. Nor can the Task Force understand why it should take as many as 30 separate steps to

register a piece of land for development, as it currently does in some provinces. Such bureaucratic nonsense would border on the ludicrous, if it were not for its very real impact on land costs.

Similarly, there is room and need for considerably more flexibility in municipal by-laws dealing with residential development. Do all residential streets have to be of maximum width regardless of the type of housing accommodation on them? If the 60 foot lot and the 1,200 square foot house have their place among the residential options, should there not also be a place for 30 foot lots and 900 square foot houses? And yet, taking again the figures supplied by those 26 members of the Canadian Federation of Mayors and Municipalities, one can find only one of them with average lot sizes of less than 5,000 square feet and only eight with average dwellings smaller than 1,100 square feet. The desire of the Task Force is not to prevent large lots or large houses, where there is room and a market for them. Rather it is merely to ensure that builders at least have an opportunity under municipal by-laws to serve that other market which requires or prefers something a bit less ostentatious or expensive. It is hardly freedom of choice for the individual to live in a municipality which demands that only houses of at least 1,200 square feet be built on lots of at least 6,000 square feet.

One particular issue which the Task Force feels might well be reviewed is the present near-universal ban on street parking in Canada's cities. Such a prohibition exists in most of them during the winter months at least; in some it is a 12-month ban. The result is that ever-increasing amounts of land are being devoured in residential areas in the search for places to park automobiles during the overnight hours. Lot sizes have to be large—and thus more costly—to make room for a garage or a carport. Land around multiple-unit projects, which could be put to more pleasing social benefit, becomes an asphalt parking lot. There are, to be sure, an increasing number of apartments with underground parking facilities, but they tend to be expensive, if not luxury, items.

The Members wonder whether the land use implications of this issue are not such as to warrant determination by more than the city snow removal department. They recognize that snow removal is a very real problem in much of urban Canada, but they do ask whether man has exhausted his ingenuity in trying to cope with the problem. And they do suggest that the community at large might well be willing to bear some short-term additional expense in order to develop a snow removal system and thus street parking regulations which help reduce the costs of land and encourage its more efficient and productive utilization.

The Task Force would like, under this general heading of more flexible and efficient land use, to make mention, too, of the possibilities of multiple zoning and land use. While the rigid compartmentalization of communities into industrial, commercial and residential zones may have made for tidier assessment administration, it also can be said to have produced a degree of aesthetic boredom within the urban process as well as a considerable amount of physical and human inconvenience. Can it not legitimately be asked whether it is necessary in virtually every situation to go to a different building or a different part of town to work, to attend school, to borrow a book, to buy even a candy bar or salami on a bun?

In the case of public institutions such as schools, libraries, post offices and the like, there is an unquestioned cost inefficiency in demanding that each must be a separate concrete monument on its separate patch of land. One certainly can argue in straight budgetary

terms that it would make sense to use the air space above such institutions for revenue-generating facilities such as offices or even apartments. Or, similarly, to use the ground floor of large public buildings for a promenade of service shops and boutiques.

But the Members feel the arguments in favor of mixed land use go well beyond simply dollars and cents, important as they may be. It is a question of human inconvenience, of at least ameliorating the present need to hop in a car or a bus anytime you want to do something different. And even more important, it is a question too, of adding life and human encounter to the city structure. Of encouraging, not prohibiting, the local candy store and the corner bakery where the proprietor knows your name and saves you the Sunday paper or your favourite cheese cake. As one noted critic has put it, "rigid zoning overlooks the essence of city life which is, precisely, happily mixed land use."

Nowhere has that happy mix been more sadly lacking than in government-sponsored projects under the headings of public housing and urban renewal. Most of the public housing built in Canada has been incredibly drab and institutionalized in this respect. High rise apartments or row-housing units on a slab-green space-slab pattern, like huge human filing cabinets stamped "residential only" and without any of those places of encounter that help make life more than existence. Similarly, the bulldozer of urban renewal may have replaced old buildings with new ones. But what of the social fabric? Need there be quite so much human sterilization as well? The Task Force therefore would strongly urge that:

Both provincial and municipal governments review their requirements for the registration, servicing and zoning of land with a view both to simplifying procedures and providing greater flexibility so that the market can serve all income groups and not merely the affluent.

In urging municipalities to adopt a more flexible attitude in their requirements for residential development, the Task Force is very much aware of the financial predicament which has led many local governments toward the current restrictive practices. Faced with the responsibility of financing such costly services as education and welfare and totally reliant on property assessments for revenue, many municipalities simply cannot afford to be less restrictive. To make the point, one need only recall the case cited to the Task Force of a garden or row housing development in southwestern Ontario where the average unit produced some \$400 a year in municipal taxes, while its inhabitants "cost" the municipality an average of \$600 a unit for education alone. The Mayor of Scarborough, Ontario, for his part, admitted frankly before the Task Force that his municipality had a minimum space requirement of 1,200 feet for single family dwellings because that size of house provided the minimum assessment return necessary to carry municipal education and welfare costs.

If the municipalities are to adopt a more flexible attitude toward residential development, as they must if the housing needs of all Canadians are to be met, it is clear to the Task Force that, as a necessary corollary, they must at the same time be relieved of at least a major part of their current financial burden. One can mount a strong theoretical argument that the costs of elementary and secondary education should be financed out of general tax revenues as a matter of a principle. Theory or no, however, in the present urban context these costs simply cannot be met to any appreciable degree from property assessments. Education is clearly within the provincial realm and thus the Task Force urges provincial

governments to assume a much larger share—75-80 per cent would seem a minimum—of these costs. In principle again, one might opt for transferring all education costs to the province and thus to general tax revenues. In discussions with the Task Force, however, several municipalities indicated they would wish to retain at least a minority participation in education financing in order to ensure a continuing role for local school boards in the selection of sites and teachers and the like. In a similar vein, it is suggested that the financing of welfare costs also should be reviewed with a view to considering whether senior governments should assume a larger share of this charge. The Task Force recommends that:

Provincial governments should assume a much larger share of education costs.

3. Construction Costs and Techniques

The Canadian construction industry has its faults, like any other, and its membership has included over the years its fair share of dubious entrepreneurs. Yet it is difficult in reviewing the housing history of post-war Canada to avoid feeling a certain sympathy for the men and companies who have been engaged in building the country's housing stock. There is more than a grain of truth in the lament of one building representative that no other industry in Canada has been as controlled, regulated and regimented or subjected to as many blows from sources and factors beyond its control.

The housebuilding industry in Canada is a relatively young one in historical terms. Until the end of World War Two, most houses were built on an individual basis with very little industrialization or overall organization. In the immediate post-war period when an industry began to take form, there was little experience or expertise on which to grow and the result of its labour too often was a shoddy product. Gradually, however, management and labour alike began to acquire the skills and background necessary to build houses in scale and efficiency.

The problem has been that they have never been able to maintain those skills and scales on a continuing basis. Dependent on others to ensure an adequate and stable supply of funds, land and other ingredients necessary to develop housing, builders have watched the mortgage market roller-coaster from feast to famine, while an ever-growing bureaucracy heaped requirement upon regulation for the development of land and the construction upon it.

The result has been an industry hardly noted for its stability. Builders come and builders go to the extent that even the most recent CMHC survey showed that fewer than half of the builders in operation have been in the business for as much as five years. Partly because of the instability and partly because of the relative freedom with which one can become—or cease to be—a builder, the industry also has been characterized by a relatively large number of small entrepreneurs and relatively few companies with the capital and staff necessary to plan and operate on a major scale. Indeed that same CMHC survey disclosed only ten builders in the entire country who average as many as 200 new units a year.

Without attempting to downgrade the role of the smaller or moderately-sized builder, the Task Force feels strongly that the house-building industry needs more larger companies. Not only to ensure sufficient capital to withstand the odd financial shock, but equally important to be able to plan on a rational basis, to undertake necessary research and development, and to hire the architects and engineers necessary to produce more than row on row

of strawberry boxes on scorched land. While this is primarily an issue for private initiative and effort, the members believe that CMHC can do its part, too, at least by basing its allocation of direct mortgage funds more on the relative capacity of companies. It also would help if mortgage commitments and funds were available in sufficient time to allow the construction industry to maximize its efforts during the spring and summer months when weather conditions are optimum. The result surely will be a better housing product served by a more reliable industry.

One of the crosses which the building and building materials industry has had to bear is an unwarranted multiplicity of building codes. Each time a municipality has taken upon itself to require standards different from its neighbour, the result has only been new limitations on the scale of production and new costs to the ultimate consumer. One wonders what would happen to the price of automobiles if tires and windows had to be of varying sizes to satisfy the whims of local "planners." If Canada and Canadians are to enjoy the maximum economies of production of building materials, there simply must be greater standardization of building codes.

This country has a National Building Code. It has been developed in close co-operation with those most directly concerned and under the auspices of the Division of Building Research of the National Research Council. It has become, in many cases, a model of its kind for use in other countries. Yet it still is not in use in 25 per cent of urban Canada, while in other regions its application is accompanied by major locally-inflicted amendments. This Code is now undergoing major revision for publication in its 1970 edition. Many witnesses before the Task Force argued that its adoption should be a mandatory condition of federal housing assistance. The members prefer at this stage, however, to at least test the confidence expressed by the Director of the Division of Building Research that virtually universal adoption of the 1970 edition can be achieved by voluntary means. The Task Force strongly recommends that:

Every possible effort be made to encourage universal adoption of the 1970 National Building Code on a voluntary basis.

If there was a single theme encompassing virtually every submission received by the Task Force, it was a demand for the removal of federal and provincial sales taxes on building materials. These demands spring from the very practical consideration that such taxes can amount in composite to as much as 20 per cent. This can add up to \$950 to the final price of a modest three-bedroom bungalow. But in some respects the drive behind these demands seems to be rooted in the almost psychological belief that governments which continue to impose such taxes really are not serious in their professed desire to conquer Canada's housing problem. In the eyes of many Canadians, removal of the sales taxes appears to be virtually a matter of faith in the professed good intentions of their governments.

The Task Force is well aware of the severe financial strains facing government at all levels. As a general thesis it is doubtful logic to argue, on one hand, for governments to hold the spending line to stabilize interest rates, while, at the same time, calling for abolition of taxes which, in the case of the federal tax alone, produce more than \$300 million a year in much-needed revenue. On balance, however, given both the practical cost benefits and the psychological impact, the Task Force urges both federal and provincial governments

to remove these taxes as they apply to residential construction. If it is not financially feasible to remove them in their entirety at this stage, consideration should be given to a gradual approach, starting possibly with a system of rebates of the amount of tax on materials used in housing costing \$20,000 or less. Such a rebate system should be so administered that the reduced cost resulting from elimination of the sales taxes is deducted from the purchase of the house at the time of sale. The Task Force then recommends that:

Federal and provincial governments should remove the sales taxes on building materials for residential construction, beginning, if necessary, with the rebate of taxes on materials used in houses of modest cost.

While it was difficult to extract concrete information on the subject from witnesses at public hearings, the Task Force derived a definite impression from its cross-country investigation that the forces of competition within some parts of the construction industry may not be as free or as enterprising as one might expect within a free enterprise economy. In fact, in private discussions the members were given somewhat alarming evidence of directly contrary practices by some elements of the industry. Allegations were made that some suppliers of essential building materials refused to make deliveries to certain builders unless unwarranted—and costly—pre-conditions were met. Charges also were made that some building trade unions set practices and requirements contrary to the general public interest. The Task Force had neither the time nor the resources to investigate such allegations as deeply as it might have wished. It is, however, sufficiently concerned about them to recommend that:

Appropriate officers of the Crown should investigate evidence and allegations of price restraint and unfair labour practices by some building materials suppliers and some building trade unions.

The Task Force received many briefs and recommendations on the subject of industrialized building techniques. Among groups not directly involved in the construction industry, there seemed an impression or at least a hope that some magical technological breakthrough might be around the housing corner, able in a single step to produce a major cost reduction. Other more expert witnesses claimed no powers of technological mysticism, but did suggest, often in highly detailed submissions, that significant cost savings could be realized through the adoption of mass factory production techniques of the kind in wide use in much of Western Europe.

Yet another point of view came from the Director of NRC's Building Research Division whose statement to the Task Force claimed that "housebuilding in Canada today is as efficient as anywhere in the world" and that major cost savings might be found in the price of money and land, but not in construction techniques. Indeed that Director, Dr. Robert F. Legget, estimated that the total savings generated by all the technical progress in construction materials and techniques during the past 20 years had not reduced housing costs by more than ten per cent.

The Task Force, for its part, feels that it possesses neither sufficient information nor technical expertise to pass definitive judgment on industrialized building. It did note that most submissions supporting the concept were predicated on the provision of a guaranteed

(by implication at least, by government) market for a relatively large number of units in order to justify the necessary investment in plant, equipment and labour. It is reasonable to ask where and how such a market could be guaranteed. Members noted, too, that a fundamental condition of these proposals involved public acceptance of a high degree of "design sameness," certainly in so far as unit exteriors and overall configurations were concerned. Again it might be questioned whether such similarity, if acceptable in some Western nations, is in line with traditional Canadian demands and expectations of a variety of choice. Finally, it should be pointed out that the modern builder working on a major scale already operates on a basis of "industrialization" far greater than might be generally evident to the casual observer.

On the other hand, however, one need look no further than the automotive industry to see that assembly-line techniques can save production dollars. It would seem, too, to make eminent good sense to attempt in a country of Canada's climatic condition to assemble as much of an outdoor product as possible within the safety of a factory interior. Companies like Alcan and Atco have shown that houses built on this basis can be both attractive and competitive; designers like Moshe Safdie offer proof that individually monotonous modular units can produce an imaginatively conceived totality.

In summary, the Task Force is sufficiently intrigued by the possibilities of industrialized construction techniques to recommend that:

The possibilities of industrialized building on a further scale should be supported by further research funds, including the financing of pilot projects.

Another particular style of accommodation which drew submissions to the Task Force were so-called mobile homes. In reality, this is somewhat of a misnomer in that few of these "mobile" houses are, in practice, ever moved during their usable lifespan. These are not house trailers, but rather relatively small, prefabricated housing units generally installed without foundations in clusters or "parks." On a cost-per-foot basis, they are not "cheap" housing, although many of their owners seem to operate on the premise that their unit will be "traded in" on a new one at regular intervals of less than ten years.

While the aesthetically-minded might cringe at the design and pattern of individual units and overall parks, there seems no question that "mobile homes" are becoming an increasing feature of the North American housing market. In the United States, their popularity has reached the point where about 20 per cent of the new housing units sold during 1968 were in this category. While there are no figures available on the number of mobile homes in Canada, a brief from the Coquitlam and District Mobile Home Owners Association suggested that there were more than 7,000 such dwellings in British Columbia alone by 1966.

There does then seem to be a growing market for mobile homes in Canada. That being so and in line with its belief that Canadians should enjoy maximum freedom of choice in housing styles, the Task Force believes mobile homes should be given recognition within the Canadian housing market. One step in this direction would be to allow loans on such dwellings to be insured under the National Housing Act. Another—and one which might well bring positive improvements in an aesthetic sense—would be to amend municipal by-laws, where necessary, to permit the orderly development of mobile home parks within

the community. This will necessitate, among other things, changes in current zoning and assessment regulations. The Task Force thus recommends that:

Serious consideration be given to amending the National Housing Act and, where necessary, municipal by-laws to accord so-called "mobile" homes their proper place within the Canadian housing market.

While the Task Force purposely has refrained from commenting at any length on administrative detail, it does believe there is at least one item under this heading worthy of particular mention. That concerns the number of progress inspections required and made by CMHC inspectors of dwellings financed with NHA insurance. Present practices demand a minimum of three inspections—when the foundation is completed, before lathing begins, and upon overall completion of the building. In fact, the number may go considerably higher, particularly if the builder is operating with progressive advances on his loan. As CMHC's own statement on the subject puts it, "supplementary unannounced inspections may be carried out at any time. If any work requires correction, re-inspections may be made."

The administration and implementation of this program requires the maintenance of a relatively large CMHC inspection corps across the country and a reduction in the number of inspections could produce some administrative costs savings. However, the Task Force does not recommend such a reduction solely on that basis. Rather, it feels that the inspection process is nearing the point of bureaucratic no-return and that both the costs, direct and indirect, and the frustrations of the system now out-weigh its benefits. It costs money each time a housing project is held up awaiting the arrival of an inspector and members are not convinced that, beyond the agreed essential minimum, the benefits of such inspections equate their cost.

It might also be added that the frequent appearances of CMHC inspectors have tended to create a false impression that they are there to protect the purchaser; in fact, their call is on behalf of the lender and the security of his mortgage loan. As one small step against the bureaucratic tide, the Task Force recommends that:

The number of progress inspections on NHA-insured housing projects be reduced.

It is hardly possible to discuss construction techniques without some comment on the subject of housing design. The basic reaction of the Task Force following its cross-Canada journey is that the country's urban landscape is singularly unimaginative in concept and design. To survey mile after mile of suburban checkerboard is to wonder how the same country was capable of the imaginative creativity of an Expo. To see an average residential dwelling in one part of the country is to have seen an example of what exists virtually everywhere else. It is as if the tremendous variety of geography and ecology, one of Canada's greatest natural riches, simply does not exist within the scope of urban planning and housing design. The Task Force cannot but believe that Canada possesses the talents to do better. It feels the time has come to try.

There seems ample room for experimentation in design and form of housing and for greater use of modern technology. One wonders whether more sociological research is not required to define the kind of physical life styles most suitable and acceptable to social and emotional needs in the urban society. There seems, in short, ample room for new attitudes

and new ideas in the architecture of Canada. Some of this experimentation can and should be done within the aegis of pilot projects and new communities. But redevelopment of existing urban areas offers an opportunity, too, which the Task Force feels has not been exploited to the full.

Nowhere is the need for effort and experimentation greater than in the design of multiple-unit accommodation physically and socially acceptable to family living. If a "philosophy of home ownership" does exist in Canada, it undoubtedly springs from varied desires and emotions. But one very practical cause would appear to be the glaring lack of suitable alternate forms of housing for the family. Surely it is not impossible to increase the density of accommodation without having to sacrifice the most basic social requirements of family living. The Task Force believes it is possible to have both. It dearly wishes that more people in Canada would get on with the job of designing and building such accommodation.

Part of the problem undoubtedly rests with the negative zoning system which inhibits imagination and prohibits ingenuity. It is difficult, to be sure, to design with flair and variety in a sub-division where every street must be 66 feet wide, every lot 60 feet in width, and every house set back 28 feet from the curb. It is fair comment to point out that experimental projects like Habitat '67 simply could not be built under the kind of restrictions which most municipalities apply to residential development.

A part of the problem stems, too, from the previously-mentioned multiplicity of small builders within the Canadian housing industry. A builder who constructs five, ten or 25 units a year is a builder who uses off-the-shelf designs—unless, that is, each of his houses costs \$40,000 or more. Small builders operating on small margins simply cannot afford to hire the architectural and planning expertise necessary to step beyond dull orthodoxy. Under most regulations they need not do so unless the project involved exceeds \$50,000 in value.

No small part of the problem can be traced, in present conditions at least, to the very fact that housing is in such relative short supply in Canada. Such is the shortage that single-family dwellings can be sold and apartments rented in most parts of Canada as quickly as they can be built, regardless almost of their quality of design and construction. Indeed in the long run nothing will do more to stimulate better housing design than a reasonable vacancy rate and a market where the consumer can choose not only between competing prices, but competing designs and styles as well.

Having said that, however, the Task Force wonders whether the professionals themselves, the architects, the designers, the ecologists, the sociologists, have done enough. Many of them have spoken out and acted as individuals against urban ugliness. They have on occasion attempted to bring their collective concerns and judgments to the attention of the community at large. But too often they have seemed to be voices in the wilderness, unable for some reason or another to register the urgency and breadth of their message. The Task Force would urge them to keep trying and to speak louder.

Other than the particular points mentioned above, all of which have been dealt with elsewhere, the Task Force can find no serious hurdle in the way of an expanded effort to improve Canadian housing design. Thus it can only offer the general recommendation that:

Renewed and greater effort be devoted by architects and other professionals to improving housing and urban design in general.

4. Social Housing and Special Programs

In offering its various comments and recommendations to governments and others concerned, the Task Force seeks as its basic aim to establish housing policies in Canada which, in company with rising incomes, will permit all but the most deprived families to select and finance accommodation of their own choice within the private market. This is, of course, a long-term goal. Until it is realized and even when it is realized, there remain and will remain many Canadians who for reasons of income or other factors require assistance in obtaining the warm clean shelter to which they are entitled.

To be numerically precise in terms of this group is difficult. Economists often refer to the "lower third" of the income scale, although this includes incomes as high as \$5,300. CMHC estimates indicate there are at least 500,000 "defective" dwellings in Canada, most of which undoubtedly are inhabited by lower income families. The Fourth Report of the Economic Council of Canada suggested that at least 1 million Canadians live in substandard housing, while the Council's Fifth Report estimated that 29 per cent of the entire population, including 4.2 million urban residents, were living in what is defined as a low-income situation.

There are other groups within the Canadian family who require assistance either apart from income limitations or for factors in addition to them. There are, for example, the Indians, Eskimos and Metis, Canada's "citizens minus," as the Economic Council has termed them, who have income problems, to be sure, but who face social and psychological difficulties as well. There are the country's elderly citizens whose housing needs often require special physical facilities, but who still wish to retain, as they should retain, physical and social contact with the remainder of the community. There are the nation's university students who arrive at college campuses in ever increasing numbers and must somehow find living accommodation, be it on or off the campus. And mention should be made, too, of Canada's northland where all these special housing requirements exist and where residents face the additional task of adjusting to a different life style.

All these groups require assistance and all deserve assistance. All of them indeed are receiving it. The 1968 CMHC budget allocated \$200 million for public housing, currently the major form of assistance for low-income groups, \$75 million for the limited dividend and non-profit sections mentioned previously, and \$85 million for student housing. Special housing programs for Indians and Eskimos, administered by Indian Affairs and Northern Development, account for another \$15 million.

All of these needs will continue to make demands upon the public purse. Before commenting on any of the existing programs, the Task Force feels it should first make clear its own order of priority. All of these programs, after all, may be said to be competing for the same tax dollars; value judgments and orders of importance will continue to be required. In the view of the Task Force, there is no question that first and most urgent priority must be given to the needs of the lower-income groups, whatever their racial origin or geographical situation. That is not to suggest that other programs are not worthy and worthwhile, but it is to comment frankly that, given the backlog of need in other areas, the allocation of \$85 million or more than 20 per cent of the total CMHC funds available in 1968 to student housing represents a misguided sense of priority. That is a view, by the way, shared not only by the Task Force, but indeed by some students themselves.

As has been indicated in a previous section, no single issue or program aroused more concern within the Task Force than the present scheme of public housing whereby the

federal government, in co-operation with a province and/or municipality, finances the construction and subsidizes the operation of often large-scale, multiple-unit rental projects for use by low-income groups. Public housing is in a sense an "imported" concept in Canada. While it is a widely used approach in many European countries, it runs counter to the general Canadian concept of social welfare and security. In most areas this concept revolves around attempts to provide needy Canadians with sufficient income or assistance, via subsidy or insurance, in order for them to use the same services which exist for the population at large. There are no "public" groceries or clothing stores in Canada; nor are there transportation systems or hospitals or doctors reserved solely for lower-income families. In the field of housing, however, the approach has been not to assist those in need to compete in one way or another in the private market, but rather to build special projects designated and reserved specifically for their use.

Public housing in North America drew its real strength from the policies of Franklin D. Roosevelt during the depression years in the United States. Anguished that one-third of his nation was "ill-housed, ill-clad and ill-nourished," the late President held out the promise of "decent, safe, and sanitary dwellings within the financial reach of families of low-income." So in 1937 began the rush to public housing in the United States. More than a decade later, following the veterans' housing program, it came to Canada.

Public housing can be said to have kept FDR's promise. It has provided, in the physical sense at least, "decent, safe and sanitary dwellings." Roofs don't leak in public housing; the plumbing works; and the rats are gone. In that sense, it has been an improvement on the slums. More and more, however, the issue has become the exclusivity of public housing as the only method of meeting the accommodation needs of low-income groups and, equally important, the psychological and social issues just as crucial to the well-being of these groups as their needs for safety and sanitation. Yet amid these growing issues, public housing continues in Canada to stand alone and almost unchallenged as the sole answer to the problems of low-income housing.

One might have assumed the explanation for this situation lay with the economics of public housing, that it was in some way less costly and more efficient for governments, by proposal or tender, to have housing units built under their auspices and, once built, placed under their operational control. The Task Force, in its exposure to public housing projects across the Country, was unable to find any such economic justification. At best the per-unit cost of public housing was comparable to that of similar apartments or row housing constructed in the private market. At worst, as in such cases as Toronto's Regent Park and the public housing under construction as part of Montreal's La Petite Bourgoigne urban renewal scheme, the per-unit cost of public housing far exceeds the comparable figures for the private market. One can argue, as some CMHC officials do, that the same private enterprise is building public housing as is constructing private dwellings. That being so, the Task Force can only conclude that the system itself seems to encourage a high degree of cost inefficiency. It should be noted, too, that the per-unit costs given for most public housing projects do not include a wide range of administrative expenses and in some cases exclude even the full costs of land acquisition.

But the Task Force's criticism of current public housing policies is not based solely—or even primarily—on a cost-benefit analysis. Its main complaint lies rather in the fields of sociology and psychology.

When the Members began to encounter widespread criticism of public housing among its residents, their initial reaction was tinged with skepticism. It was convenient, if not natural, to wonder whether they were hearing the representative voice and opinion of public housing tenants or merely, as is often the case, the continual bickering of the chronically disenchanted minority. That view may still be voiced by supporters of public housing. However, having heard the same complaints raised at virtually every project across the country, whether in the course of an organized meeting or an unexpected call at a public housing door, the Task Force has concluded that the dissatisfaction is indeed widespread and, further, that the grounds for such dissatisfaction, particularly in the largest projects, are genuine.

The big housing projects, in the view of the Task Force, have become ghettos of the poor. They do have too many "problem" families without adequate social services and too many children without adequate recreational facilities. There is a serious lack of privacy and an equally serious lack of pride which leads only to physical degeneration of the premises themselves. The common rent-geared-to-income formulas do breed disincentive and a "what's the use" attitude toward self and income improvement. There is a social stigma attached to life in a public housing project which touches its inhabitants in many aspects of their daily lives. If it leads to bitterness and alienation among parents, it creates puzzlement and resentment among their children. Or as the teenage girl so plaintively and graphically put it in Toronto, "all I know is that I live in Regent Park."

While the Task Force accepts full responsibility for its findings, these criticisms of public housing are not its alone. As a check against its growing impression that public housing was adding to the inherent social and psychological problems of lower-income families, the Members asked CMHC to commission an independent study of some of these issues. Such a study was done by Martin Goldfarb Consultants Limited of Toronto. While limited in scope by time and resources, the necessary research did involve in-depth interviews and group discussions with residents of five major public housing projects in Toronto. The major conclusions of this study were remarkably akin to those of the Task Force.

Mr. Goldfarb's interviews with public housing tenants confirmed that these people do believe they face a "range of negative stigmas" in dealing with the community around them. He, too, found a lack of community spirit and individual self-discipline. His study also scored the present rent-geared-to-income system as one which elevates "successful cheating to a symbol of success." He reports that teenagers are "looked at with a jaundiced eye," while children in large public housing projects are left to play without any supervision or direction in a confined area. He suggested that the problems of living in public housing were "akin to those experienced by some Indians who are on reserves."

The Goldfarb study concludes:

"The overall assessment from the study completed is that public housing cannot be a solution for a conglomerate of social and economic problems. It has produced a new, unique, complex conglomerate of social and psychological concerns.

"Public housing as it is presently structured does not appear to be 'a place to stand' or 'a place to grow.'"

Public housing supporters may decry these criticisms as over-generalizations or as symptoms not of public housing, but of poverty as a more basic problem. They may point to many public housing tenants, particularly recent arrivals, who profess to be more than

happy with their new surroundings. The Task Force would reply that, if the criticisms are over-generalized to some extent, they are nevertheless generally applicable. It would agree that many of the problems stem from a lack of income rather than merely a form of housing, but it would add that every sign indicates that public housing does nothing to reduce the root problems of poverty, while increasing many of them and adding new ones of its own. As to those tenants of public housing who seem satisfied with it, the Members could comment only that exceptions to universality neither prove general conclusions nor do they invalidate them.

The Task Force is tempted to cry "away with all public housing". But it does realize that there are exceptions to the general rule, both in terms of groups of tenants and individual projects. Projects, for example, like Ottawa's Blair Court, Montreal's Jeanne Mance and Saint John's Courtenay Place where conditions seemed more favorable than the general rule. In the circumstances, it has decided to adopt a more moderate course at this stage and to strongly urge the federal government not to approve or assist any large new public housing projects until the whole range of issues, economic, social, psychological, raised by its investigation and the Goldfarb study are thoroughly researched by competent teams of social scientists. If any public housing projects are to be commenced before such research is completed, the Members would urge that they be severely limited in size in order at least to minimize the problems which seem to be compounded once a certain number of units is exceeded. The Task Force therefore recommends:

The Federal Government initiate a thorough research program into the economic, social and psychological issues of public housing. Until such a study is completed and assessed, no new large projects should be undertaken.

While urging such a review of the very basis of public housing, the Task Force also would hope that urgent consideration could be given to improving the operation of those projects already in existence. There are obvious limits as to what can be done by way of physical restructuring. But the Members would suggest that every effort be made to utilize vacant or redevelopment space within the immediate area to relieve some of the present shortcomings for recreational facilities and open space. They wonder, too, whether it might not be possible with a minimum of cost and inconvenience, to introduce at least a small part of the mixed-use concept mentioned in the previous chapter. While agreeing that rent scales must bear some relationship to income levels, they question whether changes cannot be made to at least relieve the present feeling among public housing tenants that there is no use trying to make an extra dollar because the public landlord is going to take 50 cents of it. And they would suggest, finally, that a conscious effort to erase the kind of lord-and-master relationship which now tends to exist between tenants and their public supervisors could well produce a greater sense of community involvement and participation among public housing residents.

Whatever the outcome of the review of large-scale public housing, the Task Force believes there are other and even better housing options which should be available to lower-income groups as they are to other Canadians. Indeed as the review is being carried out, these other options can be tested on a trial basis. Even within the term "public housing", Members believe that efforts should be made to provide dispersed single dwelling units for

subsidized rental by needy families in addition to multiple unit facilities. The benefits of such a program, a small start on which already has been made in some cities, are clear. Families are able to regain the privacy which they too often lose in large multiple-unit projects, parents and children alike have a backyard of their own, a garden to care for and, yes, even grass to cut and snow to shovel. But most important from a psychological viewpoint, they have an opportunity to shake their obvious "label" as semi-wards of the state. They gain a street address in place of a caste-like project name. The Task Force believes that federal loans should be available to municipalities, to assist in the acquisition of dispersed existing dwellings for this purpose.

Possession of such a supply of existing housing could be of considerable use to the municipality. It would, for instance, ensure at least a small stock of temporary or hostel accommodation for low-income or welfare families faced with a housing emergency. Over the long run—and this should be looked upon as a side benefit and not a primary goal—ownership of such housing might well simplify municipal planning and implementation of redevelopment schemes involving changes in land use patterns.

The Task Force believes further that policies beyond public housing in any form are possible and worthy of implementation, at least on a trial basis. It would suggest that, rather than only providing subsidized housing for low-income groups, governments also might subsidize the income themselves so that such families have sufficient finances themselves to compete in the private market. The Members believe that such assistance can be provided in a way which will allow these families, within practical limits, to rent or even buy the home of their own choosing.

The basic approach in either case would be to subsidize incomes rather than houses. In the case of rental accommodation, income supplements in the form of rent certificates could be provided on an appropriate scale so that the recipient could rent housing in the private market according to his individual or family need. Such an approach in a somewhat modified form was tried, in fact, for a brief experimental period under the Ontario Rent Certificate Scheme in 1961 in Toronto. As C.M.H.C. was not empowered to share in the cost, the province was forced to drop the program.

Given the fact that there is sufficient housing stock to make units available at reasonable rents, the most common objection to the income supplement approach is that, barring some form of control the scheme represents a too-open invitation to unscrupulous landlords to make large profits at public expense. The Task Force acknowledges that control of rental levels does present a potential problem, but it does not feel that it need be an insoluble one. It might even dare to hope that there are landlords in Canadian society whose sense of social responsibility might move them to offer any public authority administering such a program a number of units with the rent fixed against all but reasonable operating increases. The landlords, after all, would be receiving a virtual guarantee of continuous occupancy.

When compared to the present costs of public housing, a program of rental supplements is anything but uneconomic. A comparative cost study in the United States disclosed that the same amount of public revenue expended on 28,000 public housing units would be sufficient to enable 42,000 families to compete in the private market with income supplements—with some money even left over to rehabilitate some of the private properties they might occupy. As for Canada, it might be noted that federal operating subsidies for public housing under Sections 35A and 35E of the National Housing Act amounted to \$7 million

in 1968. Even at a supplementary rate of \$50 a month or \$600 a year, this same amount of money would permit more than 11,600 families to rent their own accommodation in the private market.

The provision of subsidized home ownership is another possible and worthwhile alternative to the present total reliance on public housing. Given, as recommended previously, a gradual reduction in down payment requirements to a point where home ownership could be acquired on a lease-purchase basis without any initial equity, this program would require little more than an amendment to the rental supplement scheme to permit payments to be converted at some stage to a mortgage loan. While the Task Force has stated its opposition to a general program of interest subsidization, it acknowledges that this approach might be applicable in bringing the opportunity of home ownership to the low-income groups. Income supplement or interest subsidy, the precise method could be determined by time and individual circumstances. Again there is no reason to believe the costs would be beyond reason, certainly not in the long term. Indeed one could argue not entirely facetiously that in cases where public housing has cost up to \$40,000 a unit, it would have been more efficient simply to purchase homes for low-income families involved and turn them over on a pay-as-you-can basis.

There are several basic benefits to the income supplement approach, be it for rental or home ownership. It allows the recipient to exercise, at least to some degree, his own freedom of choice as the style of housing in which he wants to live. By allowing each recipient to make his own choice, it disperses the lower-income groups, including those problem families, within the general housing population, thus eliminating the conglomerate pressures which large public housing projects seem to generate. And by no means least important, it would mean that subsidy recipients would be less easily identified or indentifiable than they are in public housing, thus lessening much of the social stigma from which they currently suffer.

Regardless of the outcome of its recommended review of public housing, the Task Force believes other options should be available to those Canadians in need of housing assistance. It therefore recommends that:

The Federal Government should make loans to municipalities to acquire dispersed existing housing for use by low-income groups.

As a further alternative to public housing, serious consideration should be given to a program of income supplements to permit low-income families to rent or even purchase housing according to their own needs in the private market.

Canada's Indians and Eskimos face not only the general problems of low-income groups, but a number of particular problems of their own as well. The result, as shown in a 1965 study which estimated that 90 per cent of all housing on Indian reserves was "substandard by any reasonable criteria," is to make the housing problem faced by these indigenous peoples that much more severe—and that much more untenable within a country of Canada's wealth and development.

During the past three years in particular, the federal government has begun to make the kind of concerted effort which need and justice demand. A variety of programs are now well into their initial five-year trial period. In most of them, the Task Force is pleased to

note that the accent is away from paternalism and toward schemes designed to permit Indians in particular to help themselves in improving their housing and environment.

There is, for example, a direct subsidy program under which reserve Indians can obtain grants of up to \$7,000 per unit. In addition, government-guaranteed loans are available either to supplement these grants or to aid those who for one reason or another fail to qualify for subsidies. Similar funding is available to Band Councils themselves to develop community housing programs with a long-term goal of producing self-sustaining housing programs on the reserve.

Eskimos and off-reserve Indians can qualify for first mortgages under the National Housing Act plus second mortgages of up to \$10,000 carrying with them a forgiveness clause provided payments are maintained on the initial loan. In the northern Territories a program is underway and on schedule to produce at least 1,100 single-family rental units by 1970. Initially designed for Eskimos, this program was broadened in 1968 to cover Indians as well and the Government of the Northwest Territories is considering the introduction of similar provisions in 1969 to embrace low-income whites, Metis and non-Treaty Indians.

Most of these programs are on a scale to offer some hope of significant progress. Since 1965, for example, some 9,000 houses have been built under the Indian reserve program. The problem, however, is that, despite this record, the initial backlog of housing requirements has not been reduced below its 1965 level of more than 6,000 units. Officials of the Indian Affairs Branch informed the Task Force that, in order to erase this backlog during the next five years, an additional \$4 million a year is required beyond present budgetary projects. The Task Force believes these funds should be provided.

During its Winnipeg hearings, the Task Force learned of some initial research work which had been done on the concept of providing transitional or "half-way" housing for Indians seeking to make the difficult adjustment from life on a reserve to the demands of a large urban community. Members were sufficiently impressed with this proposal to suggest that further research effort, including possibly the provision of funds for pilot projects, be undertaken.

Particular mention should be made of the plight of Canada's Metis population. Barred by present legislation from participating in special Indian-Eskimo housing programs, the Metis are anything but barred from the problems of poverty and discrimination which afflict these other groups. Indeed some of the housing conditions witnessed by the Task Force in Metis areas around Winnipeg ranked with the very worst one could encounter anywhere in Canada. These people require special assistance and should receive it. Members take some hope from the pilot projects currently underway in Manitoba and Saskatchewan. Under these programs modest two and three-bedroom frame houses are being built under federal-provincial partnership at a cost of less than \$5,000 per unit. Metis purchasers are required to make a minimum downpayment of \$200 and to repay the balance of the capital cost over 15 years in monthly payments related to their incomes. To date 94 such units have been built in Saskatchewan and agreements have been signed for a further 300 units in that province and 100 houses in Manitoba. The Task Force trusts that, should these projects prove satisfactory, they will form a basis of a larger and more general housing program for the Metis people.

In general, the view of the Task Force is that at least a start finally has been made on alleviating the decades of appalling disregard and worse suffered by Canada's native peoples. Members feel it is too early at this point to offer any judgment on the success or failure of the programs currently underway. Thus it will limit itself to recommending that:

Special housing programs and pilot projects for Canada's Indian, Eskimo and Metis peoples be carefully evaluated after a fair trial period and, if found successful, be vigorously pursued to meet the special needs of these groups.

While the main thrust of the Task Force's comments and recommendations have necessarily been directed toward urban Canada, mention should be made of the special housing needs of rural residents. The Members wish to make it clear that their proposals in such areas as improved mortgage finance are by no means limited to the city, but should be available equally to Canadians wherever they may choose to live.

Basically, rural Canada does not appear to face the same shortage of housing supply as one finds in the urban areas. With the heavy migration of Canadians to the city, most rural areas find themselves with a surplus of residential stock. There is, however, a shortage in many non-urban areas of private capital necessary to finance both the construction of new units and the rehabilitation of existing ones. CMHC has been attempting to fill this gap with a direct lending program under Section 40 which amounted in 1967 to almost 5,000 loans totalling more than \$87 million. The Task Force feels this is both a legitimate and important role for the Corporation. Thus, as has been noted previously, it recommends that:

Central Mortgage and Housing Corporation, in its direct lending activity, should exercise particular care to ensure that adequate mortgage funds are available both for new and existing dwellings in rural areas.

As has been stated in a previous section, the Task Force believes that the provisions of Section 16A of the National Housing Act provide an efficient and effective method of meeting the particular needs of elderly citizens and recommends the maximum possible utilization of them. Beyond that, the prime concern of the Members in regard to housing for elderly Canadians is that effort be made in both site selection and operating program to ensure that these people are able to maintain contact with the community around them and to feel that they are still a very real part of it. From its visits across Canada, the Task Force feels that progress is being made in this area, but it notes that there still are too many "county" homes, built in almost isolated areas well away from the community-at-large and even transportation to it and conceived apparently on the notion that once one reaches a certain age, he should be neither seen nor heard within society. The Members believe that the aged can make a continuing contribution to society, that the vast majority of these people want to remain at least semi-active members of their community, and that they should be ensured an opportunity to do so. Thus it is recommended that:

Special care should be taken in the selection of sites for projects for elderly citizens to ensure that these people are able to retain physical and social contact with the rest of their community.

In commenting that student housing may have claimed an unreasonably large proportion of available public funds in 1968, the Task Force would not wish to imply that it lacks either sympathy for or appreciation of the needs of this particular group. Neither the Task Force nor any other responsible Canadian would wish to discourage young Canadians from pursuing their academic potential to the maximum and certainly not on grounds of inadequate housing accommodation. But the Members are concerned, as they feel they must be, with priorities and they are uncertain as well as to the form in which student housing might best be provided. During their public hearings, conflicting views were voiced by student representatives themselves, some urging even greater financial support for campus residences, others arguing that students should not be segregated from the community, but should reside within it. Even those favoring residences seemed unhappy with what they called the "long and sterile corridors" of existing dormitories.

The Task Force would hope that, in the long term at least, students, like any other element in the population, will be able to exercise an increasing freedom of choice as to where they live while attending university. A general increase in the housing supply, particularly in rental units, will give students greater access to the private market. Continuing funds should be and can be made available, if not on a first priority basis, to the construction of student residences. It might well be that, particularly if the school year becomes a 12-month affair, private enterprise would be interested and able to provide such residences under such programs as the limited-dividend provisions of Section 16.

While mention has been made of northern housing problems in respect of special programs for Indians and Eskimos, the Task Force feels some further comment is required in regard to the general situation in Canada's two northern Territories. While wishing that its schedule had permitted more than a day in each of the Territorial capitals, the Task Force came away from its tours of Yellowknife and Whitehorse both impressed and disappointed—impressed by the drive and spirit which motivates many of the Canadians seeking to develop these vast territories and disappointed at the general state of housing development facing white and non-white alike.

Reference already has been made to the abysmal conditions under which most of the indigenous peoples of the north are forced to exist. So, too, has the Task Force noted, at least briefly, the obvious lack of research and imagination which to date at least has gone into the design and construction of housing in the north. Cost is a major problem, too, both in terms of the price of a home and the monthly charges to heat it and to service it. Particular mention should be made of the effect of having to transport building materials long distances from southern Canada. A brief submitted by the Yukon Builders Exchange pointed out, for example, that a bag of cement costing \$1.75 in Vancouver sold for \$3.65 once it was transported to Whitehorse, while the price of asphalt shingles differed by almost \$8 per 100 square feet between the same two points. The Task Force would hope that additional research could be undertaken with a view to reducing these transportation costs. Part of the cost problem, as well as the need for more imaginative and indigenous housing forms, might be met through increased research on the use of building materials available in the Territories themselves.

A more general recommendation raised in many submissions received in Yellowknife and Whitehorse was the need for more co-ordination among existing housing programs in the two Territories. Under the present system, a wide variety of agencies, including the Territorial

governments, municipalities, Indian Affairs and Northern Development, CMHC and the Department of Public Works, all play some role in providing housing for one group or another. Such a system tends to produce administrative duplication and inefficiency, but, even worse, it seems to have led to social cleavage among northern residents based on housing programs. Whites who receive one form of housing subsidy live apart from other whites who receive different assistance. And neither have much contact with still other whites who do not qualify for housing subsidies or with the indigenous peoples, be they subsidized or not. The Task Force feels that improved co-ordination, possibly in the form even of a single housing agency for each Territory, would be a step in the direction of more effective regional planning.

There is one other group who have special housing needs and to whom particular reference should be made. There are some 55,000 Canadians receiving assistance under the Disabled Persons Act and relevant provincial statutes and many more who do not receive assistance, but who suffer from some physical handicap or disability. In their representations to the Task Force, spokesmen for handicapped groups did not ask for subsidies or other special financial treatment to meet their housing needs. What they did request was some consideration in the design and construction of housing, particularly multiple-unit complexes, so that at least some units would be available with widened doorways, ramps and other facilities to accommodate their needs. The Members feel this demand is a reasonable one and would hope that developers would make provision for it.

5. Urban Development

The recent report of a National Commission on Urban Problems in the United States commented that much of the urban crisis in that country "springs from using 19th century controls and attitudes in an attempt to mold and contain 20th century cities faced with 21st century problems." Much the same comment could be offered in respect of several elements within the Canadian urban structure. In no field would it be more applicable than in regard to the kind of political structures on which we currently rely for the planning and development of our urban areas. They are indeed 19th century structures attempting to deal with 21st century problems.

Almost all studies in the relevant fields of economics, sociology, ecology, and the like recognize that the process of urbanization is a regional one, operating on a relatively broad geographical basis stretching out from the core of the country's major urban conglomerates. Even the popular jargon of the day, in referring to "metropolitan" this and "greater" that, acknowledges that a city may well be one thing and an urban area another. In terms of political organization, however, Canada, 1968, seems closer to the walled city concept of ancient Greece than to the urban world of the 20th century. To visit urban areas across this country is to find the essential powers of planning and development in the hands of not one, not two, but up to 10 or 15 local governments, each of them ready to admit that its problems and concerns do not end at its municipal boundaries, but each of them reluctant to cede to a larger government sufficient authority for it to exercise the necessary overview. The Task Force strongly believes that this situation must be altered if urban Canada is to be effectively planned and developed in the years immediately ahead.

In stating its recommendations in regard to the assembly and servicing of land, the Task Force attempted to make clear its view that urban planning and development are dependent on control of the land itself. It would stress here its view of the essential need to ensure that the amount of land subject to the planning process—and the jurisdiction of the planning authority—bears some realistic relationship to the urban area. Urbanization, in short, is a regional process. It demands regional planning. And regional planning demands regional government.

To find justification for these contentions, one need look no further than the emerging development patterns in the present major urban areas of Canada. The pattern so offered is one not of cohesion, balance and order, but of confusion, imbalance and disorder. Growth lines reflect as much the vagaries of a speculative and uneven private land market as the logic of an orderly and comprehensive public plan. In place of positive zoning requirements to serve public need and interest stand an array of negative municipal restrictions ready in the name of "balanced assessment" to restrict housing development in favour of industrial growth and to duplicate, fragment or exclude, as whim would have it, needed public facilities. Where there might be cohesive urban areas, there are a dislocated series of commercial centres, industrial parks and dormitory suburbs. In total, they represent balkanization at its inefficient, illogical and intolerable worst. The Task Force believes that improvement is urgently required.

Its brief is not for the elimination of local government as it is presently constituted. If there are regional functions which demand regional authority, there are equally local concerns which can and should be handled at the local level. Centralization can be as unworkable in some contexts as can balkanization in others. The need is to delineate the proper division of functions between the two, and, in the case of Canada's current urban areas, to ensure that adequate political structures exist to perform those functions requiring greater centralization.

As has been indicated already, the Task Force believes that land use must be an area of centralized regional concern and control. Long-range development and redevelopment plans must be drawn on a regional basis, taking into account not only present areas of urban growth, but those into which it can reasonably be expected to extend in the immediate and less-immediate future. And having drawn such plans, regional governments must have the necessary authority to make them work. There must be regional authorities which define and control land use through its zoning, its assembly and its servicing. They must be the ones to plan and plot adequate transportation corridors and to select and preserve necessary land for parks and open spaces and for regionally-oriented public institutions such as hospitals. If they do not control property assessments directly, they must certainly possess powers of equalization to the point where there is no financial advantage or disadvantage in the relative location of industrial parks, residential developments and the like within the overall regional plan.

There is in this country today a limited number of metropolitan governments and, within Ontario in particular, a growing trend toward regional governments. Few to this point, however, seem to possess the full powers necessary to achieve effective regional planning. The Task Force believes this trend should be extended and accelerated and that, in both existing and future cases, care should be taken to ensure that regional authorities, in fact, possess the necessary powers to implement the tasks which should be theirs. This is

strictly a matter of provincial jurisdiction and the Task Force's appeal for necessary action must be directed to that level of government. The Task Force does not recommend at this stage that Ottawa should tie a regional government "string" to its provision of funds for housing and urban development, although it does believe that, once effective regional governments have been created, action by them to establish long-range development plans should become, after due notice, a condition of the previously-recommended direct loans for the assembly and servicing of land. Most important, however, and at this stage the Task Force recommends that:

Since urban planning can only be done effectively on a regional basis, the provinces should establish a system of regional governments, equipped with adequate powers, for each major area.

If effective regional planning is essential to sound urban development, so equally is the adequate provision of urban transportation facilities. Indeed it can fairly be said that such facilities are at the very heart of effective urban planning. Transportation is the spine around which the urban area can and should grow and without which its inhabitants cannot effectively exist. It must be integrated within the urban plan. Indeed if one were starting from scratch to build a new city, transportation corridors would be among the first items on the drawing boards.

As anyone who lives in a city can readily attest, transportation is rapidly becoming one of the major problems of urban Canada. While one talks and reads of the marvels of space travel, most of the country's cities and citizens still are trying to come to grips with that 50-year-old marvel, the automobile. The Economic Council, estimating that Canada may well have 11 million cars on and off its roads by 1980, rightfully concluded that the problem so posed "ranks in economic importance with that of developing the national transcontinental transport system in the past."

Clearly the present system of trying to jam more and more automobiles into the same core area of the city will not work. What will work is less clearly defined at this time, although most transportation experts—and the Task Force was disappointed to receive so few submissions on this crucial topic—seemed to indicate that the probable answer lies in a balanced system of public and private modes. What is the proper balance for a given urban area and what those modes should be are subjects which clearly require more research. The Task Force believes that the federal government, which is beginning to show more interest in this field through both the Department of Transport and the Canadian Transport Commission, has a definite role to play in encouraging and co-ordinating, a broad program of practical research into urban transportation. It recommends that it do so, recognizing that such a program will be by no means limited to the federal level, but will and should involve other governments and the private sector.

It seems clear that, whatever the ultimate system, the cost of providing adequate transportation systems for Canada's growing urban areas will be considerable. The Economic Council projected a long-term investment of up to \$4 billion. One witness before the Task Force said that the cost of underground transportation corridors—and greater use of them seems inevitable if cities are to avoid having half and more of their available land taken up with transportation routes—can run as high as \$20 million a mile. If figures such as these

represent the cost parameters, then certainly the development of urban transit systems cannot be left solely to local government, municipal or regional. It would seem to the Task Force that at some point a program of long-term federal loans will be necessary in order to finance the development of these systems. The Members do not feel that they can or should attempt to specify the size, form or nature of such loans, but they do recognize that these issues will have to be judged within the very real context of other federal spending priorities.

Insofar as urban transportation is concerned, while stressing its crucial importance to effective planning and development, the Task Force will limit itself to recommending that:

The Federal Government encourage and co-ordinate a broad program of practical research into urban transportation problems and consider, as other spending priorities permit, establishing a program of loans to municipalities for the development of effective urban transit systems.

Next to public housing, the issue which probably generated the most discussion before and within the Task Force was that of urban renewal. Not that the need to redevelop and renew urban areas was in question; it was not. But very much in doubt were both the present practices in this field and some of the principles which appeared to underlie them.

In terms of present practices, the argument revolved in the final analysis around the relative place and merits of demolition versus rehabilitation. One group of submissions leaned to the view that the only effective means to erase urban blight was to level it with a bull-dozer and start over again. Others took the opposite line, going as far, in some cases, as to argue that almost no dwelling was so bad as to require demolition, at least without the willing consent of its owner and/or occupant.

The Task Force cannot agree that there is no such thing as a structure which has outlived its physical usefulness. But it did conclude from its cross-country journey that there was a tendency under present urban renewal policies to demolish dwellings which were not in this category. The Members noted, for example, CMHC's own table of urban renewal projects shows that the 48 schemes undertaken in the period 1948 to 1968 contemplate the demolition of 13,000 housing units and the construction of about 18,000, almost two-thirds of them in public housing projects. These projects involve a federal investment of \$125 million for urban renewal alone, exclusive of the heavy additional cost of the public housing itself. While granting that the prime purpose of urban renewal policies is not to create additional housing stock, the Members do feel that these figures indicate a rather dubious investment of large sums of federal money at a time when the country is suffering from a continuing shortage of housing stock.

The demolition of any dwelling unit, unless it happens to be vacant (a rarity in Canada at the moment), means that some individual or family or group is forced to look elsewhere for accommodation. Indeed it is a fundamental requirement of existing urban renewal provision that groups so affected by these schemes be guaranteed alternate housing before any demolition takes place. The Task Force during its travels heard a number of complaints that this pre-condition was not being met in some cases. Whether these allegations were correct or merely a misunderstanding, two points are clear in this regard.

One is that the alternate accommodation which is provided often involves an abrupt and disruptive change in the living patterns of those involved. Families accustomed to living

in a downtown area are offered housing in the suburbs; communities are dispersed and long-standing and vital social links shattered. Given the shortage of available housing in most urban areas, the problems of meeting the particular wishes of families caught in urban renewal may be understandable. But that does not make the disruptions and the difficulties any less severe or any more justifiable. The second problem in present renewal schemes strikes those who own their own home. Existing expropriation provisions in most provinces guarantee comparable rental facilities to those demolished; they do not promise "a home for a home". Thus one finds in urban renewal projects, as the Task Force did, families, often elderly pensioners, whose main life saving, the home they own, is torn down in return for compensation which does not permit them in today's housing market any real opportunity to buy another house. Problems such as these demand solution in any event or circumstance; to pursue policies in a housing shortage, which makes them inevitable, makes no sense at all.

In short, the Task Force considers it a case of mixed priority to be demolishing even older housing units at considerable public expense at a time when some urban Canadians are without housing of any kind, new or old. It believes that on grounds of humanity, efficiency and plain good sense available public funds should be directed to creating a sufficient housing stock first and then—and only then—to destroying any numbers of existing stock. It therefore recommends that:

The wholesale destruction of older housing under urban renewal schemes should be suspended until the total housing stock has increased to the point where a reasonable number of vacancies exist.

In making that recommendation, the Task Force does not wish to imply that its only concern with the bull-dozer technique is that its timing is bad in the present housing shortage. Rather the Members share the concern of many Canadians that greater selectivity be exercised and greater attempts at rehabilitation of stock be made, regardless of whether houses are in short or ample supply.

Successful rehabilitation can produce a number of very worthwhile benefits. For one thing, the cost in most cases is far less than destruction and replacement. But there are aesthetic and cultural benefits beyond that. In the Don Vale area which Toronto already has designated for urban renewal, for example, the Task Force visited a group of row houses which had been rehabilitated to produce a short street as attractive and enchanting as any new housing which might have followed the bull-dozer. At sites like the Youville Stables in Montreal, Victoria's Bastion Square and Brunswick Street in Halifax, the Members saw rehabilitation programs not only pleasing to the eye, but worthy of preservation in an historical sense. The result in such cases is that people are able not only to live and look at housing forms of a bygone era, but the neighbourhood itself acquires a new variety and charm. The result, too, is a housing market in which the many Canadians who prefer to live in older housing can exercise that freedom of choice without fear of awakening to the sounds of a bull-dozer on their front lawn. The Task Force then recommends that:

As a general principle, greater selectivity should be exercised in the demolition of existing housing within urban redevelopment projects.

If one is to seek greater effort to preserve existing housing stock, one also must be concerned that greater care be taken in preserving the state of it. The Task Force is in favour of maintaining good used dwellings, not of promoting slums or urban blight. Members recognize that the preservation of housing stock in adequate condition is anything but an automatic process, but indeed requires a conscious and continuing effort on the part of both government and the private homeowner. The Task Force believes that current policies in this area can and should be improved.

A starting point for such improvement might well be the enactment and strict enforcement of minimum standards by-laws by municipalities. Only a few municipalities currently have such by-laws requiring that property owners maintain their premises to established standards of health, fire safety and general appearance, and even those who do have shown reluctance in enforcing such by-laws to their full letter. It can be said, in fact, that the absence of such minimum standards and strict enforcement have played no small part in encouraging the degree of urban blight already present in many of the country's major centres. This is particularly true in areas designated for urban renewal where the non-enforcement of minimum standards coupled with the long delay—as much as five or even 10 years in some cases—between designation of an area and actual implementation of a scheme permits and even encourages still wider and more general degeneration of the housing stock than might otherwise have occurred. The Task Force thus recommends that:

Municipalities should legislate and vigorously enforce minimum standards by-laws.

A second important point in regard to current municipal practices in this area lies with property assessment policies as they apply to home improvements. In a word, the present practice in most municipalities is to encourage home improvement with one civic hand and then penalize it with the other. To rehabilitate a private residence, even to improve its exterior appearance, is more than likely to result in a higher municipal tax bill. The Task Force wonders whether a more positive approach might not be possible. One possibility might be to at least offer an assessment tax holiday of, say, five years for home improvements. An even more positive approach would seem to be with the kind of provisions existing in the City of Montreal's by-laws which actually encourage owners to improve, rehabilitate or even replace sub-standard dwelling through a system of municipal subsidies. The Task Force recommends that:

Where necessary, municipalities revise property assessment practices to encourage, rather than penalize, the maintenance and improvement of residential properties by their private owners.

In considering the importance of maintenance, rehabilitation and, where necessary, replacement of existing housing stock, the Task Force felt it necessary to question not merely present procedures, but even the basic principles which appeared to underlie them. It found that, as a result of present urban renewal practices, there was widespread acceptance among the Canadian people of the principle that the state has a responsibility if not to share in the cost of maintaining privately-owned premises, then certainly to pay for the destruction of dilapidated buildings through financial compensation to their private owners. In the view of the Task Force, this is a questionable principle on which to base public policy.

Again it would appear to be a case of allocating to housing a status in terms of public policy and responsibility not applicable to any other major durable good. To repeat the analogy with the automobile, it is inconceivable that Canadians would expect to receive either direct subsidies from the state to maintain their cars in working order or public compensation for a vehicle which has outlived its physical usefulness. Indeed, insofar as automobiles are concerned, the state not only does not pay maintenance grants or replacement subsidies, but requires as a matter of law punishable in the courts that the individual car owner himself maintain his vehicle in good working condition or himself remove it from the road. The Task Force sees no reason why the same basic principles should not be applicable to housing. In its view, public policies should be based on the premise that it is the responsibility of the owner and not of the state to maintain houses up to minimum standards and, equally important, to demolish any housing which fails to meet such standards.

Houses have a certain physical lifespan as much as do automobiles and other durables. In the case of a well constructed dwelling, its lifespan can extend to 50 years and, in many cases, with proper care, to much more, certainly more than enough to amortize and depreciate its capital cost at a reasonable annual rate. Why should a property owner not accept such a concept of depreciation—and the responsibilities which it implies in a replacement sense—just as he does for his other physical possessions? The Task Force believes he should. Given the rapidly escalating costs of the demolition and replacement aspects of urban renewal, there is little question that acceptance of this principle will result in massive savings in projected public expenditures. But equally important it should help introduce into the Canadian housing market the much-needed concept of depreciated value, a concept which must become more effective in the market if the so-called “filtering down” process is to function effectively in regard to housing in this country.

When viewed over the long term, the Task Force frankly can see no possible alternative to this approach. Otherwise, the cost implications, when seen in the order of the 200,000 units a year now being constructed, are staggering. One wonders what the cost might be of replacing, at public expense, even half of these houses in the year 2019.

With such considerations in mind and because Members feel that housing should be looked upon as a physical possession subject to the same conditions as other durable goods, the Task Force recommends that:

As a matter of principle, property owners should be required to maintain their premises to approved minimum standards and, where and when necessary, to destroy them without compensation by the state.

The Task Force well realizes that one cannot alter the urban ground rules so basically without some period of transition from one system to another. In this instance, that is particularly true in areas already designated for urban renewal where, as a result of public policies, minimum standards have been relaxed and potential blight increased. In these situations, the Members accept that special programs involving public assistance in one form or another will be necessary to complete the already-initiated process of public redevelopment, be that by rehabilitation, demolition or a combination thereof.

With that major exception, however, the Task Force believes that the principle of owner responsibility can and should be implemented without undue delay. Municipalities can pass

the necessary by-laws to establish minimum standards. In enforcing them, it can be made clear that the responsibility for maintenance and eventual destruction of individual units rests not with the state, but with the owner. It may well be that, for such a system to operate effectively, an improved system of home improvement financing may be necessary. The Task Force believes that some of the recommendations already outlined represent an improvement in this respect; it would suggest that further review of the existing home improvement loan provisions be undertaken to see what further alterations might be possible and advisable. The time to begin enforcing the concept of owner responsibility is now. The state may well be able to assist in the process or to improve the financial mechanics for it. But to resist its introduction, in the view of the Task Force, is to accept a bill for urban renewal certain to grow at a rate to frighten even the most avid spender of public dollars.

Given a system in which the responsibility for normal maintenance and demolition of houses or buildings rests with their owner, the whole concept of urban redevelopment, as a public undertaking, takes on a much more limited context. Rather than an expensive method of meeting the costs of normal wear-and-tear amid the urban landscape, publicly-initiated urban redevelopment becomes, instead, basically a planning tool limited to situations where governments decide that it is in the public interest to change land use patterns. In these cases, to meet transportation needs or to increase public facilities such as schools or hospitals, demolition may well be required if the land involved currently is in use for other purposes. And just as the bull-dozer is justified in these cases, so, too, is a program of adequate compensation by the state to the owners of private properties which are affected by the redevelopment. This redevelopment, after all, does not arise from any individual negligence on their part, but rather from the fact that the community collectively feels that the land involved should be put to a more effective use for the common good.

Here certainly the residents and property owners affected are entitled to know what is planned and to have their "day in court" if they oppose those plans. And if the plans proceed, those whose lands are expropriated or whose accommodation is disrupted should receive full and adequate compensation and relocation assistance. The Task Force believes the federal government should continue to provide loans to local authorities to assist with genuine redevelopment plans of this kind. Whether municipalities also will require outright grants or subsidies in such cases and, if so, from which senior government are issues which the Members feel should be resolved in a more general agreement among governments as to revenues and responsibilities.

The Task Force wishes to offer one more comment in regard to urban renewal practices as they might apply to projects already in one stage or another or to new ones within the redefined limits of changing land use patterns. It is to suggest to all governments that they cease to designate or require the designation of broad urban areas as "urban renewal areas." From the experience gathered during its cross-country tour, the Task Force feels that such public designations on such a broad basis can have near-catastrophic effects on the area and the people involved.

As has already been mentioned, the time gap between initial designation of an area and actual implementation of a scheme can be considerable. During that period, the situation can only be described as depressive. In most cases, even the most minimal health and safety standards no longer are enforced within the area. Its residents, in many cases cognizant of very little more than that they live in an area about to undergo major change, quickly lose

any incentive to maintain their properties. Community spirit ends and community uncertainty and, in most cases, resentment begins.

At least part of this problem can be rectified by more effective communication between public officials and the people involved. But the Task Force feels that part of the difficulty comes from the very act of circling entire neighbourhoods with an urban renewal pencil, when the real concern, in fact, is with one or two blocks or a single street or even a group of houses on one street. If this is the case, why stigmatize the entire area? If public designations are necessary at all, they should be more carefully defined to cover the dwellings or groups of dwellings which really are at issue. The Task Force therefore would recommend that:

Where possible in the case of existing schemes and in future ones involving changes in land use patterns, the present practice of designating wide areas as "urban renewal areas" should be discontinued in favour of policies and plans based on a more precise and effective scale of redevelopment.

In setting out its comments under the general heading of "urban development", the Task Force believes it should make at least brief reference to the relationship which it feels exists between urban growth and regional development. Much is being said and done in the field of regional development these days and it is clear that the federal government, in particular, is committed to large expenditures in this field. The Members have no quarrel with that; indeed they agree wholeheartedly with the Prime Minister and others that the continued strength of Canadian unity rests to no small degree upon the need to ensure as far as possible that all regions of Canada and all Canadians have a fair opportunity to share in the nation's material wealth.

The Task Force would wish, however, to underline its concern that, in devising programs for regional development, full weight and recognition be given to the essential requirement within any such region for a strong and large urban growth centre. Without such centres, the Members fear that Canada could find itself investing large amounts of public capital without realizing the desired gains in regional productivity and wealth.

The fact that the most prosperous regions of Canada are those surrounding the country's major growth centres is no accident of geography. The city has become *the* key source of economic growth, not merely as a focus of regional economic activity, but as an organism capable within its own powers of mass production and marketing of generating and sustaining enormous productivity and wealth. The city no longer is merely a marketplace for the products of rural resources. Rather it has acquired tremendous resources and productivity of its own which have long since surpassed those of the rural areas around it. The starting point for a strong and healthy regional economy is a strong and healthy city and not the reverse. Thus the Task Force believes that in the long term successful policies of regional development will be policies which stimulate the creation of urban growth centres of sufficient size to add to—and not be merely supported by—the economic strength of the region at large.

To argue this thesis is hardly to argue that what Canada's underdeveloped regions require is a large dose of Canada's urban ills. The Task Force is concerned enough about the problems of inadequate planning, insufficient facilities and inordinate poverty within existing urban centres without seeking to export them to new growth areas. But to look at a Toronto or a Montreal only through the negative eyes of its unquestioned problems is to be

blind to its unquestioned power and benefit as an economic stimulator, as an employment and income generator, as a place of wealth and opportunity. It is these plus factors which the Task Force feels must be brought to bear within the confines of regional development. Hopefully, with some learning from past errors, this can be done without necessarily duplicating all the minus factors which unfortunately have accompanied the economic wonder of the city as it has emerged to date.

The Task Force itself had neither the time nor the mandate to explore this urban-regional relationship in any depth. It does feel, however, that a full understanding and adequate recognition of it are crucial to a successful federal program to stimulate regional development. It thus recommends that:

The Federal Government should undertake in-depth studies to determine the explicit relationship between urban growth and regional development.

6. Administrative Structure

Throughout its report, the Task Force has found need to refer to the myriad of government regulation and restriction which touches every element of housing and urban development and the difficulty, confusion and cost inefficiency resulting from so much of it. It is hardly that the Members adopt a philosophy of laissez-faire in these fields; their recommendations for strong and continued government involvement deny that. But surely it is not beyond hope to suggest that, in carrying out their important and even essential public roles, governments at all levels might be capable of improving and simplifying the procedures by which they do so.

The area of housing and urban development is almost by definition one of administrative delicacy. Not only are all levels of government heavily involved in it, but the policies of each often have direct and essential reaction upon those of the others. Even in the limited context of its banking functions, the housing and urban policies of the federal government have a very real effect on the actions and the ability to act of both provincial and local governments. As the very creators of local government and as the level with a major, if not exclusive, interest in such urban concerns as transit and education, the provincial role is both large and obvious. As for the municipalities, it is they which through their by-laws and assessment policies exercise such a direct impact on the final and detailed shape of urban Canada. All of these roles are important, each tends to be jealously mothered and, on most occasions at least, vigorously asserted. No small act of statesmanship thus is required to co-ordinate and harmonize all of these roles and all of these policies into an effective program for urban Canada.

There seems no question, however, that the record to date leaves considerable scope for improvement. The frustrations of having to obtain ten, 20, 30 and even 40 approvals from one government source or another before a development project can proceed or of having to stand helplessly aside while officials at two or three levels quibble over detailed planning judgments bear eloquent testimony to that fact. All governments can do better. All governments must do better.

While hoping not to appear naive as to the beaureaucratic mental process, the Task Force would offer the simple suggestion that all governments seek as a guiding principle to

regulate only when regulation is clearly demanded and only in areas where they clearly are the best equipped to do so. On that very elementary basis, the Members can find no need for federal policies to spell out to the provinces the mechanics of regional governments or provincial policies to dictate to municipalities how land should be developed or municipal policies to confine builders to a specific size of house on a specific size of lot. They would hope rather that the federal government would restrict itself to overseeing the mortgage market, to co-ordinating research, and to providing the financial resources, as free as possible of particular conditions, needed to carry out desired public policies. They would suggest that provinces create the kind of local government structure necessary to plan the development of urban regions and, having done so, refrain from trying to do the local planning job itself or from intervening for intervention's sake in the flow of necessary funds to the local level. And they would urge municipalities to provide a positive planning framework within which the private market can meet housing needs, not a negative straight-jacket which effectively prevents builders from doing their job.

Administrative structures and procedures at all levels of government should be designed to provide the clearest and most direct lines of responsibility and communication possible. Private industry and the general public should be given a clear understanding of the responsibilities of each level of government, the reason for it, and procedures by which it is to be implemented. Private industry must know where it should go to obtain necessary approvals on any urban issue; the Canadian public should know which level of government is responsible for which functions so that it can, when it so desires, make its representations on urban issues to the politicians and authorities able to respond to them. Such direct-line administration of urban affairs, in the Task Force's view, can save Canadians much in wasted time, money and emotional frustration. The Members therefore recommend that:

All governments make every possible effort to streamline and simplify their administrative procedures for dealing with housing and urban development.

Many submissions to the Task Force argued strongly for the creation of a separate federal department dedicated specifically and entirely to the problems of housing and urban development. In the view of these groups and individuals, it was illogical, if not inconceivable, that the Government of Canada could have ministries dealing with fisheries, forestry, veterans affairs, and other matters which involve a minority of the population, but none to deal on a full-time basis with the urban problems which involve more than 70 per cent of the population, not to mention housing which involves virtually everyone.

There are, of course, several reasons why no such department has been created to date. In theory, there clearly has been some reluctance on the part of the federal government to create a ministry which might appear to be concerned essentially with matters which fall within other constitutional jurisdictions. In practice, there is no doubt that the existence of Central Mortgage and Housing Corporation as a semi-independent federal agent in these areas has mitigated against the creation of a separate department, particularly during a period of rapidly expanding government in many other fields.

While it is cognizant of these factors, the Task Force feels the weight of argument is in favour of the creation of a federal Department of Housing and Urban Affairs. As in the case of the sales taxes on building materials, there is an undoubted psychological advantage to be

gained in underlining the importance which the national government attaches to these subjects of vital concern to so many Canadians. But the Members feel there are other more practical considerations, too.

Under the present system CMHC is, in theory at least, the administrative agent of the government in housing and urban development. The responsibility for policy decisions rests, again in theory, with the government itself and with the Minister to whom this role is assigned. The flaw in this system is that the Minister has no other source of policy advice and research than CMHC itself; he has no "department" to provide these services to him. In practical terms then, the effective role of policy advisers to the Minister rests with the executives of an independent agent which, by law and conception, is supposed to be the administrative body for implementing decisions made by the government itself.

The Task Force believes this system is faulty and that the federal cabinet should include a Minister responsible for housing and urban development on a full-time basis and, equally important, staffed with a department to assist him in carrying out these important policy functions. The Members are as conscious and as fearful as most Canadians of the Parkinsonian effects which the establishment of new government departments can set off. Thus they would stress that, in their view, the role of a Department of Housing and Urban Affairs should be as researchers, reviewers and generators of policy and not as an administrative replacement or competitor to CMHC. The Corporation has built up an extensive administrative structure and a competent experienced staff to carry out its legitimate role. That role should be left to it. The new Department should be compact in scope and small in numbers, providing its Minister with the information and advice on which policy decisions can be taken and then turned over to CMHC for implementation. On that understanding, the Task Force recommends that:

The Federal Government should establish a Department of Housing and Urban Affairs.

Within its legitimate role as administrator and implementator of federal housing policy, the structure of CMHC itself can be further improved. The Corporation rightly claims to have achieved already a considerable degree of decentralization of authority among its regional offices, particularly in respect of its direct lending operations under Section 40 of the NHA. The Task Force believes, however, that even greater decentralization of administration is possible and justified. Within the policy limits established by the government itself and the overall administrative procedures laid down by its Ottawa head office, it should be possible for the regional and local offices of CMHC to process most of the applications coming to them from either private or public sources with a minimum reference up the line. This, in itself, will line the entire administrative process and make for a speedier federal response to these problems.

As has been noted by the officers of CMHC themselves, one of the stumbling blocks to decentralization in the present system is the requirement that approval of the Minister and the Governor-in-Council be obtained for each individual project under many of the existing programs. This system of per-project Orders-in-Council, in the view of the Task Force, tends to consume a considerable amount of administrative time and effort without resulting in any effective scrutiny by Ministers who, for the most part, simply respond to the continuous flood

of submission paper which flows over their desk. The Members believe that a much more effective way to do business would be through a system whereby the government really does exercise effective policy control and then, having done so, leaves the administration of that policy to its administrative agents. They therefore recommend that:

Within the confines of approved government policy, the administrative functions of Central Mortgage and Housing Corporation should be further decentralized to encourage a more efficient and effective response to local applications and conditions.

It is easy to overrate the importance of formal names or titles in the modern bureaucratic structure, but it can be said that the right name can make its contribution to public understanding and acceptance. In the view of the Task Force, Central Mortgage and Housing Corporation is a somewhat cumbersome mouthful which, if nothing else, leaves the Federal Government open to the play-on-word allegation that "it always puts mortgages before houses." To silence these clumsy punsters and to ensure that federal priorities do not become disfigured amid its agent's letterhead, the Task Force recommends that:

The name of Central Mortgage and Housing Corporation should be changed to Canada Housing Corporation.

7. Research

To declare one's self in favour of the furtherance of research in almost any given field in today's society is somewhat akin to supporting motherhood. Given the fact that the support of urban research in Canada currently amounts to some \$7 million a year—about 7/100ths of one per cent of the \$10 billion spent annually in the total field of housing and urban development and about one per cent of the \$700 million spent on research and development in general—the Task Force feels it properly can declare itself in favour of motherhood within its field of inquiry. From its own experience, the Task Force might go further and suggest that there are few areas more in need of an expanded research program than housing and urban development. At almost every turn in their investigation, the Members found themselves running into an informational dead-end with necessary data either totally lacking or sadly incomplete.

The Task Force believes the Federal Government, in co-operation with other governments and the private sector itself, should encourage and support an expanded program of urban research in this country. It would suggest that a prime function of the proposed new Department of Housing and Urban Affairs should be to co-ordinate existing research activities, certainly at the federal level and hopefully with other governments and agencies as well. Under the present system, the Task Force found any number of federal agencies—CMHC, the National Research Council, the Canada Council, Department of Transport, and the Canadian Transport Commission, to name a few—all providing assistance to urban research of one type or another with little concerted attempt to co-ordinate their varied efforts within a cohesive framework and toward established and agreed goals and objectives. The result, in

the view of the Members, is that even the limited federal funds now available in this field are not achieving as effective and efficient results as might be possible.

The new Department could follow a number of established patterns in carrying out its research function. It could hand over the entire assignment with the necessary funding to an independent agency similar to NRC or the Canada Council. Alternatively its research function could be carried out through a division of the Department itself, operating under the same policy and administrative controls as any other division. The Task Force, for its part, would favour a middle approach to these two procedures, somewhat akin to pattern followed by the Defence Research Board. The Members feel federal support of urban research should be conducted under the overall policy direction of the responsible Minister; thus they do not support the idea of a separate, independent agency. But they do feel that the research function should be more than just another departmental division. Their suggestion, therefore, would be that the responsible Minister consider the appointment of an Urban Research Board, the chairman of which would be a full-time public servant directly responsible to the Minister, while other members could be appointed from interested groups and organizations in both the public and private sectors to contribute advice on broad research goals and specific program priorities.

As well as increasing the amount of funds available and better co-ordinating their allocation, the Task Force believes that a Department of Housing and Urban Affairs also might seek to engender a new sense of direction into urban research programs. Under most existing programs, the role of federal grant-giving agencies tends to be a somewhat passive one, content in the majority of cases to respond to applications for projects initiated and designed by the applicants themselves. The result in most cases tends to be research projects of a "pure" and highly theoretical nature valuable in training competent personnel but without the necessary application to or testing in actual urban situations. The Members acknowledge the importance of having some funds available to support research initiatives of this type, but they also believe that, in the present circumstances in particular, greater priority should be given to the support of directed research programs designed to seek practical solutions to existing urban problems and, where necessary and possible, to test such solutions in at least a "pilot" framework. The Task Force would hope, in short, that the new Department might show more initiative in defining the problems which it sees as important and in sponsoring projects through the theoretical stage to the actual test of applicability in an existing urban situation.

On the subject of urban research, the Task Force then would offer the general recommendation that:

The Federal Government, through a new Department of Housing and Urban Affairs, encourage, support and co-ordinate an expanded urban research program with greater priority on the initiation of practical research programs, including pilot projects.

While mention could be made of a number of areas worthy of special research effort and attention, the Task Force wishes to draw attention to just one such project. A number of interested Canadians, including the Chairman of the Task Force himself, have spoken increasingly of the possible benefits to be derived from the creation of "new cities". This

concept, different from the idea of "satellite" or dormitory towns around an existing urban centre, contemplates the establishment of a new urban centre, tied not to an existing city, but so situated and conceived as to exist as a major growth centre in its own right. As a pilot project, a "new city" would offer an opportunity to test in a real environment and without the restriction of past errors or present handicaps some of the theoretical suggestions as to how urban growth can best be planned and developed. If proven to be realistic in cost-benefit terms, a "new city" could provide an alternate source of large-scale growth for some of the pressures which continue to build upon existing metropolitan centres, threatening to suffocate their attempts to rectify shortages and shortcomings in present development planning. While realizing that such a "new city" would represent a major public undertaking in every sense, including cost, the Task Force would recommend that:

The Federal Government, in co-operation with a provincial government, should seriously consider the construction of a "new city" as a pilot project where proposed urban solutions could be tested in an actual environment.

In noting that there is a general lack of urban research data in Canada, the Task Force would add the point that an adequate central source to collect and disseminate existing data also is lacking in this country. In the views of the Members, this represents another area of need deserving of early consideration by a new Department of Housing and Urban Affairs. A professional information unit in such a Department could provide a valuable service to other governments and interested agencies in acting as a centralized and organized clearing house for information on urban problems and the experiences of various agencies, Canadian and non-Canadian, in attempting to cope with them. In addition, it might also supplement, if not assume, the role of providing consumer information to the public itself currently being handled with a general lack of enthusiasm and aggressiveness by CMHC itself. In order to ensure that Canadians and their governments have access to as much information as possible on housing and urban development, the Task Force recommends that:

A new Department of Housing and Urban Affairs should give early priority to the creation of a central information bank to collect, organize and disseminate available data on these subjects to other governments, agencies, and Canadians generally.

epilogue

In offering a broad range of comments and recommendations touching upon the urban activities of all levels of government as well as the private sector, the Members of the Task Force realize that they may be accused of over-stepping their mandate. Theirs was, after all, a federally-appointed investigative body which neither sought nor received the sanction of any other government or agency. It could be suggested that its findings should have been similarly confined.

In the view of the Members, however, any such attempt to confine either their comments or their investigations to what are, in the context of the problems at least, somewhat artificial boundaries could only have resulted in a disjointed and even meaningless exercise. The problems of housing and urban development are so many and so complex as to defy separate and individual consideration, deaf and blind, as it were, to the relationship and impact each has to and upon the other. It certainly is possible to define areas of prime jurisdiction, as this Report has attempted to do, and even to suggest that the definition of and jurisdiction in such areas be more clearly marked, as again the Task Force has done. But it is all part of a total problem, a total process, and it can only be studied, as indeed it can only be solved, within the framework of a co-ordinated and comprehensive design for an urban Canada.

Thus the Task Force would urge that, as important as it believes some of its individual recommendations might prove, its findings and conclusions be taken not as a group of separate and isolated proposals, but rather as a broad and integrated approach to housing and urban development. To take even the most major recommendation and read it, much less implement it, in isolation from the others is to risk an interpretation and a result far removed from that intended by the authors.

If the Task Force would hope that its recommendations would be considered in the context of a total program, so it would caution that it does not envisage its proposals as being capable or desirous of implementation on anything but a carefully graduated basis. Some of its suggestions clearly can be put into effect with a minimum of delay; the Members would hope they would be. Others are of a long-term nature; that is accepted. But all are offered with the proviso that their successful implementation depends in no small part on the capacity of various elements, including the people themselves, to absorb them. To proceed, on any other basis is to risk minimizing, if not reversing, the desired results.

A word, too, about the Task Force's general view as to the role of government within the field of housing and urban development. In general, the Members held no brief for or against government at any level. Their approach rather was essentially a pragmatic one, seeking to stress the role of government where it was felt the task could best be carried out under public auspices and to derogate it where it was felt that role already was excessive. Some will accuse the Task Force of being socialistically-inclined; others undoubtedly will brand its Members as captives of free enterprise. The Members themselves will feel they have struck the proper balance if they are accused of both.

Finally, lest the long list of criticisms and recommendations lead one to believe the Task Force in its travels absorbed only the negative elements of urban Canada, the Members would repeat an introductory statement that Canadians can rightfully claim to be among the best housed peoples in the world. If there are too many among us who still seek their entitlement to clean, warm shelter, so, too, is there a vast majority whose housing is clean, warm and downright luxurious. If there are major problems facing our cities, so, too, are they magnificently exciting centres of economic, cultural and human achievement.

The collective frame of mind of the Task Force, after an arduous yet stimulating tour of its country, is anything but negative. Rather it is more one of impatience to get on with it, to realize the even greater potential which its Members saw possible amid the physical and human wealth of this vast nation. Its counsel is one not of despair but of confidence in the ability of Canada and Canadians to house themselves in a manner befitting a rich and civilized people and to harness the awesome powers of urbanization in the name not of ultimate destruction, but of untold benefit to mankind.

These goals, the Task Force would suggest, are both worthy and fitting of a great people and a great country embarking on a second century of nationhood.

appendices

APPENDIX A

The Task Force Appointed

OTTAWA, August 29, 1968—Transport Minister Paul Hellyer, Minister responsible for federal housing policies, today announced the appointment of members of the new federal Task Force on Housing and Urban Development.

Assisting the Minister in his examination of Canada's urban problems will be Dr. Doris Boyle of Sydney, Nova Scotia; Dr. Pierre Dansereau and W. Peter Carter, both of Montreal; Robert Campeau of Ottawa; Dr. James Gillies of Toronto; and C. E. Pratt, FRAIC, of Vancouver.

Mr. Hellyer himself will serve as chairman of the Task Force which is scheduled to open a series of nationwide public hearings in Ottawa September 16-17.

William H. Neville of Ottawa has been appointed Executive Secretary of the Study.

The Task Force will also be assisted by Alfred E. Coll, Executive Director of Central Mortgage and Housing Corporation, as CMHC liaison officer and by Lloyd Axworthy, Executive Assistant (Housing) to Mr. Hellyer.

Purpose of the Task Force is to examine housing and urban development in Canada and to report on ways in which the federal government, in company with other levels of government and the private sector, can help meet the housing needs of all Canadians and contribute to the development of modern vital cities.

Dr. Boyle, a native of Baltimore, Md., currently is a Professor of Economics at Xavier College in Sydney. Holder of a doctorate in sociology and economics from Catholic University, Washington, she was head of the Social Sciences Department at St. Francis Xavier University, Antigonish, from 1950 to 1958 prior to returning to Baltimore where she was a Professor of Economics at Loyola University.

She came back to Canada last year to assume her present position. A frequent lecturer and commentator on social and economic problems, she was married to the late Dr. George Boyle, noted author, teacher and founder of the Antigonish Co-operative Movement.

Mr. Carter, 39, came to Canada in 1957 from Britain where he holds a Fellowship of The Incorporated Society of Valuers and Auctioneers. In 1961 he became Senior Mortgage Officer of the Guaranty Trust Company. Between 1962 and 1966 he was Assistant Vice-President of Canadian Acceptance Corporation and General Manager of CAC Realty, its mortgage subsidiary. Since 1966 he has been Mortgage Controller of the Royal Bank of Canada. Mr. Carter is a Corporate Member of the Association of Ontario Land Economists and a former member of the Mortgage Advisory Board to the Ontario Government.

Dr. Dansereau, 57, graduated from the University of Montreal and subsequently obtained his doctorate in botany from the University of Geneva. A Fellow of the Royal Society of Canada and a Guggenheim Fellow, he has lectured and taught at a number of major institutions, including the University of Montreal, MacDonald College, University of Otago, New Zealand, University of Michigan and Columbia University. In 1955 he was appointed Dean of the Faculty of Science and Director of the Botanical Institute at the University of Montreal. Currently he is Professor of Ecology in the University's Institute of Urbanism. Dr. Dansereau is the author of several research studies in the field of botany and ecology and has participated in a number of international conferences on environmental problems. This year he convened a symposium on "The Challenge for Survival: Land, Air, and Water in

Megalopolis" at Rockefeller University and the New York Botanical Gardens.

Mr. Campeau, 44, is the President of Campeau Corporation Limited, a major Ottawa construction-development firm which has built more than 10,000 housing units since 1950. He also developed the \$40,000,000 Place de Ville complex in the downtown area of the capital. Mr. Campeau is a member of the Board of Governors of Laurentian University in Sudbury, a member of the Advisory Board of Guaranty Trust Company of Canada, and Chairman of the Fund-Raising Committee for the new Children's Hospital of Eastern Ontario.

Dr. Gillies, 44, obtained his Bachelor of Arts Degree in Economics from the University of Western Ontario, his Masters from Brown University and his doctorate in economics from Indiana University. A former Professor of Urban Economics at the University of California, he served as Vice-Chairman of the Redevelopment Agency of Los Angeles and an adviser to the California Commission on Metropolitan Problems. Now Dean of the Faculty of Administrative Studies at York University, he is a director of the American Real

Estate and Urban Economics Association, the Canadian Council on Urban and Regional Research, and the Institute of Canadian Bankers as well as a member of the Export Advisory Council to the Minister of Trade and Commerce.

Mr. Pratt graduated from the University of Toronto's School of Architecture in 1938. After wartime service with the Royal Canadian Air Force, he formed the Vancouver architectural firm Thompson, Berwick, Pratt and Partners with which he still is associated. He is a Fellow of the Royal Architectural Institute of Canada, an Honorary Fellow of the Architectural Institute of America, and a former President of the Architectural Institute of British Columbia. He was a member of the three-man Committee of Inquiry into Design of Residential Environment established by the Royal Architectural Institute of Canada and also served on the jury for the Toronto City Hall competition. His design of the University of British Columbia Gymnasium and the Thea Koerner Graduate Centre at UBC won Massey Medals in 1952 and 1962 respectively.